

FAR EASTERN ECONOMIC REVIEW

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THE JAPAN-HONGKONG TRADING POSITION

Expansion of trade with Japan, although relatively satisfactory considering the position of other countries in the Far East, has not been up to the expectations of local merchants. The fact is, however, that trade is moving in larger and larger volume but more and more merchants are interested and more and more goods are available in Japan. Further, as Hongkong is one of the few territories with a working trade arrangement, there is tremendous pressure on our facilities, but unfortunately most people want to buy, not to sell.

Hongkong's trade for the time being can only be promoted if very much larger exports could be shipped to Japan so that commensurate quantities of commodities may be imported from Japan for local consumption or re-export. As it is, however, local merchants are unable to procure adequate amounts of industrial raw materials, foodstuffs and such other commodities which Japan is willing to buy under her pressing economic conditions which as yet prevent her from re-establishing her prewar level of domestic consumption and production for export. Thus the limitations under which Hongkong exporters are obliged to operate have caused the Hongkong Government agency which controls temporarily trade between the Colony and Japan (Department S. T. & I.) to refuse a very large number of applications from potential importers of Japanese goods as Hongkong's funds held with SCAP, Tokyo, are determined by the amount of export bills purchased by S.T. & I. (through Hongkong & Shanghai Banking Corporation) from local exporters. It must, however, be borne in mind that while S. T. & I. are refusing an increasing number of applications, the Department is at the same time authorising an increasing volume of business.

Direct & Indirect Trade

Many enterprising and resourceful merchant houses here have been successful in the past to buy in foreign

markets such commodities which Japan would readily admit (e.g. raw rubber, coconut oil, wool, tobacco, chemicals and dyestuffs, etc.) which helped greatly to build up for Hongkong substantial credits in Tokyo and thus enabled other merchants in the Colony to order from Japan (with permission of Japan's Board of Trade) a variety of products.

Improved trading turnover will depend on the ability of local merchants to buy in foreign markets much larger amounts of goods for re-export to Japan but also interest Japanese buyers—provided that they can secure import permission from the Japanese authorities—to take up a greater variety of consumer goods which so far has not been the case. It is natural for a highly industrialised country like Japan to export especially to the less economically advanced countries in the Far East most consumer goods but also capital equipment. It is also natural that Far Eastern countries can only offer to Japan native produce and industrial raw materials which, however, should result always in a passive balance of trade for these countries.

Hongkong's Opportunities

Hongkong has been acting before and after the war as a very important supply and distribution base of Japanese imports and exports. Due to political conditions and prejudices and the exceptional commercial and financial advantages which the Colony was able to offer in the post-war period, business with Japan has been, comparatively speaking, very large; but as normal commercial relations between Japan and all countries in the world are gradually being restored the flourishing entrepot trade of Hongkong might be affected. It is therefore in the interest of the community that concerted steps are being taken with the active assistance of Government to increase further the scope and the quantity of our exports to Japan in order to keep abreast of Japan's productive and trade expansion.

In our issue of March 10, pp. 236/7 the current trading position with Japan was reviewed and the hope was then expressed that the new arrangement of trading between Japan and Hongkong which had come into force as from March 15 would constitute a further improvement for expansion of business. However, while technically merchants are no longer confronted by any difficulties prospective importers are increasingly frustrated by S.T. & I.'s continual refusals to issue more licences which, of course, is a consequence of Hongkong's temporary exhaustion of credits in Tokyo. Most merchants realise that we are compelled to continue business with Japan on the basis of US\$ and that it will still take a long time to revert to trading on Sterling account.

HONGKONG'S TRADE WITH JAPAN

	(in millions of HK\$):—	
	Imports	Exports
	into Hongkong	to Japan
Year 1936	58.0	17.9
Year 1937	58.0	19.8
Year 1947	about 70.0	about 19.5
January to		
March 1948	21.5	3.8

(According to the Trade Returns of the Colony the figures for 1947 read as follows:—Imports \$36.6 m., Exports 15.3 million. The Returns did not include Government sponsored trade for January to May 1947, and the large and regular coal imports of about 9,000 tons per month.)

The S.T. & I. Dept. figures do not agree with those given by I. & E. (Trade Returns) because the I. & E. period is slightly different and S.T. & I. do not take into account personal exports like motor cars and provisions. Conversely, of course, all business conducted and cleared through S.T. & I. does not go into the Trade statistics, as a considerable number of consignments are made direct from the country of origin only the documents coming here. Considerable credits from invisible exports such as freight and insurance are being regularly earned by Hongkong.

Thus one has to consider, when calculating Hongkong's balance of payment with regard to Japan, that, while the official Trade Returns of the Colony suggest (quite erroneously) that we seem to be indebted to Japan, the fact, however, is that our credits in Tokyo (from direct shipments to Japan from country of origin, and invisible exports) are adequate to pay for all imports from Japan.

Imports from & Exports to Japan for 3 months ending April 20:—

(Source:—S.T. & I. Department).

The Colony in the last three months ending April 20, imported from Japan more than 74 commodities in 21 shipments to a total value of \$13,473,092 against \$1,091,855 of exports to that country in eight shipments consisting of only five commodities.

Following is a detailed list of the Colony's exports to and imports from Japan for the three months ending April 20:

Exports: China Clay 2,776 tons, Dyestuffs 5,190 lbs., Gail Nuts 100 tons,

Imports: Abalone 189 piculs; Agar Agar 10,000 lbs.; Ajinomoto 600 cases; Aluminium ware 2,420 pieces & 2,650 sets; Baby Sets 50 doz.; Bicycles 10 sets; Borneol Flake Crystal 2,500 lbs.; Caldrons 2,000 doz. & 500 sets; Cameras 50 pieces; Can Openers 100 doz.; Canvas Shoes 27,000 pairs; Causitic Soda 10,200 kgs.; Cement 4,800 tons; Cigarette Lighters 675 doz.; Cigarette Paper 57,346 lbs.; Clocks (both desk and wall) 1,350 psc.; Coal & Coal Dust 25,355 tons; Cotton piecegoods 69,600 yds.;

Dyestuffs 15,840 kgs.; Dyed Rayon Twill 6,240 yds.; Dried Scallop 147 piculs; Enamel Ware 3,150 doz.; Electric Fans (chiefly table) 376 sets; Fancy Bazaar Worsteds 1,197 yds.; Flush Sanitary Ware 40 sets; Folding Perambulators 300 sets; Georgette Mufflers 1,500 doz.; Glass 448,997 sq. ft.; Glass Tumblers 15,000 doz.; Glass Ware 850 sets; Harmonicas 2,170 doz.; Imitation Neck Lace 1,200 strings; Kaleidoscopes 400 gross; Kitchen Utensils 194 pcs. & 26 sets;

Linens 4,982 yds.; Mercury 4,312 kgs.; Metal Ware 1,000 sets & 500 pcs.; Mosaic Tiles 6,180 sq. ft.; Mushroom 72½ piculs; Padlocks 1,800 doz.; Ping Pong Balls 300 doz.; Porcelain Ware 699,940 pcs.; & 4,350 sets; Powdered Sulphur 2,000 kgs.; Printing Ink 1,400 kgs.; Raw Silk 3,955 lbs.; Silk piecegoods 30,264 yds.; Rayon Fabrics 475,734 yds.; Rayon Piecegoods 1,285,935 yds.; Rayon Yarn 550,000 lbs.; Refined Camphor 79,246 lbs.; Rubber Shoes 9,000 pairs; Rubber Transparent Belting 30 rolls; Rubber Tyres & Tubes (motor car, tricycle & bicycle) 3,850 pcs.; Satin Tipped Cotton Handkerchief 3,009 doz.; Scissors, chiefly for barbers 1,080 pcs.; Serge 4,667 yds.; Sewing Machines 10 sets; Shiitake 2½ piculs; Silk Piecegoods 3,177,054 yds.; Shirting 5,362 yds.; Stew Pans 2,680

IMPROVED ECONOMIC POSITION OF BRITAIN

(By Economic Information Unit, H. M. TREASURY)

(1.) UNITED KINGDOM BALANCE OF PAYMENTS

	1938	1947	Forecast for first half of 1948
Total payments for imports (f.o.b.)	835	1,574	792
Receipts from exports and re-exports	533	1,125	705
Surplus (+) or Deficit (—) on Visible Trade	—302	—449	—87
Invisible (net)	+232	—226	—49
Total Surplus (+) or Deficit (—)	—70	—675	—136

(i) *Distribution of the deficit.* The £136 million deficit for the first half of 1948 is reckoned to be made up as follows—a £183 million deficit with Western Hemisphere, a £70 million surplus with the Sterling Area and a £23 million deficit with other countries.

(ii) *The dollar deficit.*—Our greatest problem is the Western Hemisphere deficit, for it means a continuing drain on our gold and dollar reserves. When the dollar needs of the whole Sterling Area are taken into account, it is estimated that the drain on our reserves will be at least £222 million in the first six months of this year.

(iii) *Solution.* The "stop-gap" solution is to sell more to, and buy less from, the Western Hemisphere, which the war so greatly accentuated, so that countries will once again have the economic strength to make their currencies fully convertible. Then, as in pre-war days, we shall be able to change into dollars our surplus with the world outside the Western Hemisphere and so pay for our deficit with the dollar area.

Marshall Aid provides us, and the other countries of Europe, with a comparatively short breathing-space in which to accomplish this production task.

(2.) REDUCING OUR DOLLAR IMPORTS

The two tables which follow show how we plan to reduce (i) our total imports and (ii) our food imports from the Western Hemisphere and replace them with imports from the Sterling Area and elsewhere.

sets; Sulphur 817 piculs; Tiles 25,000 sq. ft.; Tinfoil 2,000 sheets; Toys 30,516 doz. & 10,000 sets; Transparent Paper 1,150 reams; Tricycles 30 sets; Umbrellas 300 pcs.; Wire 990,000 pcs.; Wire Head 1,475,000 pcs.; Wire Netting 210 rolls; Woollen Fabrics 577,292 yds.; Worsteds Fabrics 340,860 yds.; and other merchandise 12,568 pcs.

(i) Volume of Total Imports by Sources

	Percentage distribution		
	1938	1947	1948: 1st half (estimated)
	(actual)	(actual)	(estimated)
Western Hemisphere	31	44	34
Sterling Area	32	31	40
Rest of World	37	25	26
Total	100	100	100

(ii) Volume of Food Imports by Sources

	Percentage distribution		
	1938	1947	1948: 1st half (estimated)
	(actual)	(actual)	(estimated)
Western Hemisphere	27	47	25
Sterling Area	40	35	46
Rest of World	33	18	29
Total	100	100	100

(3.) EXPANDING OUR EXPORTS

Exports are running between 20 and 30 per cent. above the 1938 volume. This shows their progress:—

Volume index of exports			
1938	1945	1946	1947
100	46	99	108
Jan. 1948	Feb. 1948	End-1948 target	
128	121*	150	

*February was a short month; it had fewer working days than January. The quantity of goods exported daily in February was, in fact, five per cent. greater than in January.

We aim this year to increase our exports to the Western Hemisphere 14 per cent. above the 1938 volume.

(4.) SOME FEBRUARY EXPORT FIGURES

Here are some February figures of Britain's leading exports—engineering products—compared with the monthly average quantities exported in 1938:—

	Monthly average 1938	Feb. 1948
	1939	1948
	Thousand tons	
Agricultural machinery	1.5	8.0
Boilers & boilerhouse plant	4.7	4.6
Cranes, hoists, etc.	1.6	2.9
Electrical machinery	3.7	5.9
Machine tools (metal working)	2.0	4.8
Prime movers (not electrical)	2.4	3.7
Textile machinery	5.9	7.4
Other machinery	16.5	23.7
Locomotives & parts	2.0	4.1
Railway wagons and trucks	4.1	4.1
	(number)	
Motor cars	3,677	14,704
Commercial vehicles	381	1,970
Motor cycles	1,648	5,531
Pedal cycles	48,000	115,000

TRADE & EXCHANGE CONTROL IN INDONESIA

Increasing Trade between Hongkong and the Netherlands Indies

As from March 1, full trade and exchange control has come into force in the Netherlands Indies. While previously exports from Indonesia could only be effected after licences had been secured, which was only possible if shippers agreed to sell their export bills to the Government, imports were not liable to be covered by import licence; the new regulations of March 1, however, have obliged importers to apply for licence prior to ordering goods abroad.

This measure was of course necessitated by considerations of preservation of foreign exchange. It had been the practice of many merchants previously to import foreign commodities into Indonesia with self-provided exchange and these private funds were derived to a very large extent from old gold and diamond hoards, foreign currency possessions (Straits \$, US\$, even HK\$ etc.) the illicit exportation of guilders (the currency of the Netherlands Indies), and the smuggling out of goods (illicit retention of export bills).

In order to curtail if not to block entirely this drain on the gold and exchange resources of Indonesia and to reduce unauthorised shipments to leave the Islands, the Dutch authorities, after allowing for a long period the importation of foreign goods through self-finance, subjected all imports to licence and are from now on issuing licences only if importers secure official exchange allocation. It is the policy of the Netherlands Indies authorities to permit only such imports which can pass the test of essentiality.

Better Outlook for Trade

However, as exports of Indonesian produce improve and promise to expand in certain items to prewar levels

the official exchange resources of the Government at Batavia are from month to month substantially increasing and are made available to legitimate importers. The whole Archipelago is now at peace and while there remains some tension especially on Java and in a few regions of Sumatra the return to prewar conditions is speedily approaching and production for domestic use and for export is steadily on the increase. To take a sanguine view of the economic potentialities of Indonesia in 1948 appears to be well based.

The full trade control now operative in Indonesia may for a short while lead to some reduction of imports, particularly those of the luxury category, but officially sanctioned imports are bound to increase greatly in volume.

Hongkong's Share in Trade

Much of the trade between Hongkong and Indonesia during the past has been carried on by merchants who did not obtain official exchange in Batavia (for imports into Indonesia) and who failed to surrender their export bills to the Control in Batavia (for exports from Indonesia). A flourishing interport trade—from Indonesian markets via Singapore and other Malayan ports to Hongkong for eventual re-export—has contributed its good share to the prosperity of Hongkong; considerable amounts of gold bullion, foreign currencies, large sums of Nica guilders and especially diamonds (of prewar holdings, mostly Amsterdam cuts and some native production) were shipped to Hongkong from Java as means of payment for local exports of commodities of various provenance.

At times gold imports which the local authorities did not authorize to bring into the Colony were discovered and seized by local Revenue officers but on the whole few accidents accompanied this sort of trade between Hongkong and Indonesia. With increasing Dutch military and naval power and progress of pacification in Indonesia export and import smuggling in the Indies has conspicuously decreased and is liable to be still less during the ensuing months. Consequently, Hongkong's business with Indonesia should be on more modest lines until the full benefits of increased Indonesian exports will be shared in by Hongkong from where in the past large shipments to the Netherlands Indies have been regularly effected.

Illicit trading in Indonesia will not be stamped out altogether but the smooth flow of imports without official exchange allocation has been suspended. The local gold and exchange market which previously obtained

small but steady supplies from Indonesian importers (through banks and financial brokers) will find this source of decreasing importance which as to guilders should cause a firm rate. The local diamond market may also experience a lean supply period as relatively few illicit (from Batavia's point of view) imports into Indonesia will be possible and thus there should be no incentive in Java to export diamonds to the Colony.

Hongkong's trade with the Netherlands East Indies (in millions of HK\$):—

		Imports in Exports to Hongkong Indonesia	
Year 1947	21.4	53.1	
January to March 1948	7.7	25.5	
Year 1946	5.1	4.5	
Year 1937	46.9	15.5	
Year 1936	38.3	9.7	

* * * * *

INDONESIAN ECONOMIC REPORTS

IMPORT-RETURNS FOR FEBRUARY 1948

The import of merchandise into Indonesia during the month of February 1948 amounted to about fl. 64 millions, comprising: foodstuffs, drinks and tobacco fl. 18 millions, Textiles and clothing fl. 16 millions, machinery, apparatus and electr. equipments and vehicles fl. 10 millions, articles for lighting, power, lubricants fl. 5 millions, non-precious metals and manufactures thereof fl. 4.5 millions, chemicals fl. 3.5 millions, paper wares fl. 3 millions, non-metallic minerals fl. 1.5 millions.

The U.S.A. were the chief suppliers, providing fl. 19 millions, followed by Holland 13 millions, China fl. 7 millions, England fl. 4 millions, Hongkong fl. 3.5 millions, Singapore fl. 3.5 millions, the Philippines fl. 2 millions, Australia fl. 2 millions, Siam fl. 1.5 millions, Belgium fl. 1.5 millions, Canada fl. 779,000, Sweden fl. 756,000.

EXPORTS IN MARCH 1948

Exports in March 1948 of the four principal products were: rubber 22,873 tons (half of which was estate-rubber), coprah 13,043 tons, palm oil nil, tin and tin-ore 4,207 tons, resp. valued at 19 millions, 8 millions, nil, and 15 million guilders.

THE SITUATION IN SOUTH-SUMATRA

Conditions in reoccupied territory of South-Sumatra are developing favourably.

The monthly output of the Bukit Asam coal-mines has been increased to 30,000 tons. A further increase of the production is still possible.

Important operations for the improvement of the railway traffic will be carried out following the restoration of peace and order in the area along the South Sumatra Railway.

(5.) EXPANDING OUR PRODUCTION

Our index of industrial production shows the increase achieved in recent months:—

		Average 1946-100.	
		Total Manufacturing	Industries
1947	August	105	105
	September	116	117
	October	121	121
	November	123	122
	December	115	114
1948	January	122	123
	(provisional)		

Apart from the usual falling off owing to the Christmas holidays, the rise since the end of the summer has been continuous, and in January this year overall production was 22 per cent. above the 1946 level.

LONDON'S ASSISTANCE TO HONGKONG

The Colony has obtained the following practical assistance by the Imperial Government:—

(1) A free grant of £3,250,000 being the amount which Hongkong owed H.M. Government from advances made before and after the establishment of Civil Government in Hongkong; except for that portion of money which Hongkong Government may have obtained or will obtain in future from the resale of British military stores previously purchased with loaned money by Hongkong Government.

Shipping returns of the Palembang harbour for the month March 1946 reached record figures; 127 vessels entered the harbour.

The Government People's Bank is extending its activities and has now 56 branches throughout Indonesia.

DIAMOND CUTTING ESTABLISHMENTS IN SOUTHERN BORNEO

Besides rubber growing, the diamond industry gives employment to many in Southern Borneo. Diamonds are found in river-beds (dammed up for the purpose), the gravel being crushed, water poured over it and sifted in tapering, funnel-shaped bamboo baskets.

The two Martapura establishments have 312 mills. The production per cutter averages 7 to 10 carats in brilliants and from 10 to 15 carats in diamonds.

The establishments are no large-scale industries, but somewhat like workshops, where individual cutters or workers rent one or more benches to do their cleaving, cutting, polishing etc. The establishments supply the power for the machinery used.

Cutting disks, used for cutting and polishing diamonds, horizontal iron wheels of soft iron, on which diamonds are polished with diamond-powder, are also manufactured in Martapura and exported to Malaya, Burma, Hongkong and Shanghai.

THE SITUATION IN CENTRAL-JAVA

Although the safety in Central-Java is generally satisfactory, there is an increased activity of robbers and armed bands in some places.

The rate of the Republican Rupiah in terms of guilders, in so far as the currency is still in circulation, continues to decline.

Rice-yields on the north coast are good and reach in some cases even record figures. Although the rice-yields in the southern part of Central-Java are not as favourable, they are still quite satisfactory. The food situation is very favourable and prices of rice are declining.

9 of the 15 sugar mills are being run by the pre-war owners, and 6 are under the supervision of the Dept. of Economic Affairs. The only rosella and tobacco-estate is under the management of the owner.

22 of the 85 hill estates are being run by the pre-war owners, and 18 under the supervision of the Dept. of Economic Affairs, so that 40 of the total number of hill estates are now in operation.

(2) A free grant of £1 million for the assistance of the Colony in resolving problems arising out of expenditure connected with the war.

(3) A free grant of £250,000 for the Hongkong University.

(4) An interest-free loan up to a maximum of £3 million for the purpose of the construction of a modern airport of international standard.

(5) A waiver by H.M. Government in respect of the large amount of expenditure incurred by the British Military Administration during a period of about 9 months after the surrender of Japan.

The free grant of £3,250,000 and the waiver by H.M. Government of Military Administration costs will, in due time, help to re-establish full self-control of the Colony's finances of the Hongkong Administration. The present control over Hongkong's revenue and expenditure as exercised by H.M. Treasury will then no longer be necessary.

The free grant of £1 million will contribute to a considerable extent to the easing of the position of the local Treasury. Although the past financial year is expected to result in a revenue surplus of over \$30 million, and the the current financial year is estimated to yield a small revenue balance, the Imperial Government's free grant of \$16 million (£1 m.) will further facilitate the payment obligations in connection with costs of the last war.

HONGKONG WAR DAMAGE COMPENSATION

After long examination of the problem of compensation for Hongkong's war damage which were conducted by a Commissioner specially appointed by Hongkong Government it was eventually decided that no compensation from public funds should be paid. The local community would not have been able to expend large amounts for compensation payments as such claims are estimated to aggregate between \$600 to 700 million.

The satisfaction of war compensation claims depends on the ability of the Japanese nation and the intentions

The free grant of £250,000 for the improvement of Hongkong University represents a most important contribution by the Imperial Government to the urgent needs of the community to have an institution of higher learning which will favourably compare with any university in the Far East.

The interest-free loan up to £3 million which is to be spent for the construction of the urgently needed airport of Hongkong, replacing Kai Tak airfield, represents, from the economic and general point of view of the community, the principal part of H.M. Government's assistance. The loan will now enable the Colony to start building the long-delayed airport.

Optimistic Outlook.

With steadily improving commercial, financial and industrial conditions in Hongkong, a stable economy with adequate Administration receipts of Revenue, and a buoyant capital market which can easily absorb further public loans, the community can look forward to the progress of the many important projects and their eventual realisation with justified confidence.

In comparison with other leading places in the Far East, the Colony has been recognised as the most advanced centre which is largely due to the support and guidance by the Imperial Government and the felicitous circumstances in which Hongkong found itself as a member of the Empire and Commonwealth.

of the peace-making powers. It appears, however, from all accounts that only a small percentage of war damages suffered by the community may eventually be indemnified.

In our issue of January 22, 1947, page 44, an estimate of Hongkong's war losses (under sub-heads, for British and Chinese residents) was published. The total of claims was estimated at \$640 million equalling £40m. to which had to be added shipping losses and war pensions.

Duties & Taxes In Hongkong

There is no general customs tariff in Hong Kong, import duties being confined to liquor, tobacco, hydrocarbon oils, toilet preparations, proprietary medicines and table waters. A special foreign registration fee of 22% of the value of a motor vehicle is payable in respect of any vehicle not produced within the British Empire. The duties on imported liquor range from \$1.50 per gallon on beer to \$4.00 on Chinese liquor and to \$44.00 on European sparkling wines. A reduction in duty

is allowed in respect of liquors manufactured or produced within the British Empire.

The duties on tobacco range from \$1.95 per lb. on the lowest taxed unmanufactured tobacco to \$7.00 per lb. on cigars. A reduction in duty is allowed on tobacco of Empire origin and/or of Empire manufacture.

A duty of 80 cents per gallon is payable on all light oils imported into

HONGKONG'S PUBLIC FINANCE

HONGKONG'S REVENUE & EXPENDITURE

Year	Revenue	Expenditure	Surplus	Deficit
1933	\$32,099,278	\$31,122,715	\$ 976,563	—
1934	29,574,286	31,149,156	—	\$1,574,780
1935	28,430,550	28,291,636	138,914	—
1936	30,042,984	29,513,520	529,464	—
1937	33,196,368	32,111,222	1,085,146	—
1939	41,478,052	37,949,116	3,528,936	—
1940/41	70,175,114	64,787,556	5,387,558	—
1941/42	56,786,000	60,642,715	—	3,856,715
1946/47	82,141,556	85,624,391	—	3,482,835
1947/48	150,146,224	120,071,359	30,562,300	—
1948/49	150,847,950	150,284,100	563,845	—

NOTE:—1940/41: financial year of 15 months. 1946/47: financial year of 11 months.

1941/42: estimated only.

1947/48: revised estimate.

1948/49: estimate.

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THE FINANCIAL YEAR 1946/47.

(First eleven months of Civil Administration 1st May, 1946, to 31st March, 1947). The actual revenue for the period was \$82,141,556 against total recurrent expenditure of \$85,624,391. There was a deficit of \$3,482,835.

The general revenue balance, however, carried forward to 1947/48 amounts to \$487,435. This is the difference between the deficit on the year's working of \$3,482,835 and a balance of \$3,970,270 which was standing to the Colony's credit in London at the time of the Japanese occupation. As this balance was held in London, it did not suffer the fate of the local balances which were confiscated by the Japanese.

Rehabilitation (non-current) expenditure was estimated at \$77,777,447 but the final expenditure figure was \$30,360,747. This was due to the very long delays experienced in obtaining delivery of stores and equipment ordered and to the lack of staff which made it impossible for the programme of works to be carried out as expeditiously as had been planned.

While recurrent Expenditure estimate was about exact, the Revenue of \$51,308,300 was under-estimated by \$30,833,256. This was due to the rapid economic recovery of the Colony, the large influx of population, increases in a number of duties, licence fees, etc. and the introduction of new revenue measures.

the Colony, 40 cents per gallon on all heavy hydrocarbon oils used as fuel for any heavy oil road vehicle, and 10 cents per gallon on other hydrocarbon oils.

Duty is payable on toilet preparations and proprietary medicines at 25% of ex-factory price in the case of locally manufactured goods, and 25% of t.o.b. prices in the case of imported goods.

A duty of 24 cents per gallon is payable on Table Waters imported into or manufactured in the Colony.

Excise duty is levied at the same rates on the above dutiable commodities manufactured in the Colony.

Estate duty is charged on estates situated within the Colony on a sliding scale varying from 1% on \$500 to 52% on \$30,000,000 and over.

Assessment Tax (Rates) is one of the largest revenue producing items. There is a general rate of 15% plus a water rate of 2% on assessed rateable value. Properties in outlying districts which have unfiltered water pay a water rate of 1%, and this rate is remitted altogether if no water is available.

Income Tax

Increases on a wide range of licence fees and in charges for services by Government Departments were made in 1947 but the most significant additional revenue measure was the introduction of a tax on earnings and profits.

The system of taxation is based on the normal Income Tax plan modified to suit local conditions. Whereas the basis of taxation under a normal income tax is, throughout, the individual, the basis of the tax introduced in Hong Kong is, wherever possible, the source of income.

The tax is therefore divided into four separate taxes—Property Tax, Profits Tax, Interest Tax and Salaries and Annuities Tax. Property Tax is charged on the ownership of property the charge being made either direct on the owner or through the agency of the occupier who has right of recovery against the owner. Profits Tax is charged either as Corporation Profits Tax on corporations, or as Business Profits Tax on businesses as such and not on the proprietors thereof. Interest Tax is charged on all interest arising on any debenture, mortgage, bill of sale, loan, deposit or

The results of the first eleven months' working of the re-established Civil Government were very satisfactory.

THE FINANCIAL YEAR 1947/48.

The revised estimate of revenue is \$150,146,224, which is \$40,306,474 more than the original estimate. The year 1947 has been a boom year for Hong Kong Trade. The decline in Hong Kong's trade with China was offset by increased transit trade with other countries in the Far East. Receipts under nearly every Head of Revenue exceeded the estimate. Factors which contributed to this result were increases in a wide range of licence fees and the continued rise in the population which was reflected in large receipts from import duties.

Expenditure has been revised to a figure of \$120,071,359 as compared with the original estimate of \$109,834,355. This increase in expenditure is wholly due to the payment of higher salaries to the Public Service.

The excess of assets over liabilities at 31st March, 1948, based on the revised Estimates is \$30,562,300.

THE FINANCIAL YEAR 1948/49.

Estimated surplus brought forward from 1947/48:—\$30,562,300.

Estimated revenue 1948/49 \$150,847,950.

Estimated expenditure 1948/49:—\$150,284,105.

Estimated surplus 563,845.

Total surplus to be carried forward to 1949/50:—\$31,126,145.

advance which is either payable under an instrument registered with any public authority or public officer or payable by any person carrying on trade, profession or business in the Colony and allowable as a deduction in assessing his Profits Tax. There are certain exemptions, such as interest payable to a corporation, since such interest would be subject to tax as part of the profits of the Corporation. Salaries and Annuities Tax is the only one which is charged on the individual, and in this case, certain personal allowances are granted and the rate of tax is graduated.

In order, however, to grant personal allowances to those who are prepared to disclose their personal business interests, a right to elect to be personally assessed is provided. Upon such an election, personal allowances similar to those under Salaries and Annuities Tax are made.

The standard rate of tax for 1947/48 is 10%. The profits of corporations are taxable at the full standard rate whatever their amount may be. Profits of unincorporated businesses amounting to under \$7,000 are free from tax. Otherwise, with certain allowances they are subject to the full standard rate.

THE BUDGET FOR 1948/1949
I.—Revenue:—Total \$150,847,950

Head of Revenue	Actual Revenue for 1946-47 (11 months)	Revised Estimate 1947-48	Approved Estimate 1948-49
	\$	\$	\$
1. Duties	34,196,087	52,000,000	40,050,000
2. Assessed Taxes	6,826,649	10,000,000	11,015,000
3. Internal Revenue	12,127,253	36,675,000	58,150,000
4. Licences, Fines, and Forfeitures	3,851,675	7,280,900	5,758,450
5. Fees of Court or Office	4,948,179	8,554,365	8,561,700
6. Water Revenue	2,538,684	4,863,600	4,851,600
7. Post Office	5,254,079	7,400,000	6,165,000
8. Kowloon Canton Railway	4,414,899	6,700,000	5,362,000
9. Revenue from Land Rents, etc.	2,437,520	3,585,800	3,313,100
10. Miscellaneous Receipts	5,362,163	4,186,559	4,101,100
	81,961,138	141,246,224	147,827,000
11. Land Sales	180,368	8,900,000	3,020,000
Total Revenue	82,141,556	150,146,224	150,847,950

PRINCIPAL REVENUE ITEMS IN
1948-1949:—

Duties:—Import duty on tobacco \$25 million; on liquor \$5.5; on hydrocarbon oils \$4; on locally-manufactured liquor \$2½; on proprietary medicines and toilet preparations \$2½ million.

Assessed Taxes (Rates):—Hongkong \$7½, Kowloon \$3½ million.

Internal Revenue:—Earnings & Profits Tax \$40m., Stamp duties \$7½. Entertainment tax \$3½; Meals & liquor tax \$2½; Estate duty \$2; Bets and sweeps tax \$2 million; and dance halls tax \$400,000.

Licences, Fines and Forfeitures:—Fines \$1m., bank licences \$600,000, Liquor licences \$800,000, Hawkers' \$750,000, Ferries' \$434,000, Motor Vehicles' \$700,000, Motor Vehicles, foreign registration licences \$275,000.

Fees of Court or Office:—A) Fees: Air Services \$450,000, Conservancy \$330,000, School \$340,000 B) Receipts: H.K. and Kowloon slaughterhouses \$850,000, Light dues \$400,000, Medical treatment \$400,000. C) Reimbursements: Widows' and orphans' pension contributions \$700,000, Use of motor vans \$300,000. D) Sales: Sand \$1 m., Imports of S. T. & I. Department \$1m., Surplus and condemned stores \$100,000, Unallocated Stores \$300,000.

Water Revenue:—Chargeable water \$4.8 million.

Post Office:—Postings \$6 million.
Kowloon-Canton Railway:—Passengers, foreign line \$3½m., home line \$750,000, Goods service, foreign line \$610,000.

Revenue from Land, Rents etc.:—Markets \$800,000, Leased lands \$970,000, Lands not leased \$500,000, Buildings and furniture \$400,000, Hire of Government, motor vehicles \$300,000.

Miscellaneous Receipts:—Royalties: Kowloon Motor Bus Co. \$1,800,000, Hongkong Tramways \$750,000, Yau-mat Ferry \$400,000, China Motor Bus Co. \$375,000, H.K. Telephone Co. \$100,000; Repayment of building loans \$340,000.

Land Sales:—Premia on new leases in Hongkong \$2 million, Kowloon \$500,000, New Kowloon \$500,000, New Territories \$20,000.

* * * *

II.—Expenditure:—Total \$150,284,105.

1. H.E. The Governor....	\$ 218,979
2. Colonial Secretariat and Legislature	860,169
3. Audit Department	263,401
4. Civil Aviation Department	762,169
5. Development Secretariat	1,723,134
6. Subventions	750,730
7. District Office, New Territories	373,863
8. Education Department	12,124,178
9. Fire Brigade	1,098,0705
10. Hong Kong Naval Volunteer Force	3,250
11. Hong Kong Volunteer Defence Corps	331,444
12. Imports and Exports Department	1,220,714
13. Inland Revenue Department	672,665
14. Judiciary	560,772
15. Kowloon-Canton Railway	6,650,380
16. Labour Office	262,029
17. Legal Department	548,140
18. Marine Department	4,622,802
19. Medical Department	15,775,248
20. Miscellaneous Services	29,766,560
21. Pensions	6,013,000
22. Police Force	10,423,681
23. Post Office, Telecommunications and Broadcasting	4,225,276
24. Prisons Department	3,517,566
25. Public Department	5,512,441
26. Public Relations Office	78,464

27. Public Works Department	4,248,217
28. Public Works Recurrent	10,779,500
29. Public Works Extraordinary	10,638,500
30. Royal Observatory	353,172
31. Sanitary Department and Urban Council	5,453,300
32. Secretariat for Chinese Affairs	1,718,033
33. Statistical Office	121,929
34. Stores Department	6,922,550
35. Supplies, Trade and Industry Department	751,394
36. Treasury	872,400
37. Custodian of Property	61,020

HIGH COST OF PUBLIC SERVICE.

The effect of the salaries increases is apparent throughout the Estimates. Personal Emoluments, which cover basic salaries only, are now estimated at \$41,062,521, to which must be added the figure of \$22,500,000 provided under the Miscellaneous Services Head in respect of cost of living allowance, together with a similar figure under the Railway Head amounting to \$600,000. This brings the total estimated expenditure on salaries, allowances, etc. to \$64,162,521 as compared with a sum of \$48,867,991 for the year 1947-48. \$64,162,521 is a very large proportion of the total expenditure of the Colony, and over 60% of this total is expended on the wages of minor staff.

It is generally agreed that the Public Service has, since the reoccupation, been underpaid. A new scale of salaries has been introduced. The next step is to review departmental establishments with a view to cutting down this large Personal Emoluments Bill for the Government can no longer afford to pay one more employee than is strictly necessary. In recommending the new scale of salaries, the Salaries Commission expressed the view that Government should reduce its expenditure for the Public Service. Government has secured the services of an efficiency expert. Government is very concerned at the present cost of Personal Emoluments and with the arrival of the efficiency expert it will be possible to undertake a detailed review of departmental staffs.

ARREARS OF EARNINGS & PROFITS TAX.

A balanced budget has only been achieved by utilising arrears of earnings and profits tax which, under normal conditions, would have been collected during the present year. This is an unsatisfactory position and it is clear that, before next year's budget is prepared, there must either be a reduction in expenditure (and not in Personal Emoluments only) or an increase in revenue by means of additional taxation.

THE PUBLIC DEBT OF HONGKONG

The public Debt of the Colony as at the 31st December, 1947, totalled £20,046,000 comprising three issues:

(1.) 4% Conversion Loan 1933. The loan was raised in 1933 and is redeemable in 1953. Interest is payable annually on 1st February and 1st August. Contributions are made to a sinking fund at the rate of 3.45% per annum. The Sinking Fund of this Loan is fully invested and amounted to £203,337.5s. as at the 30th September, 1947.

NON-RECURRENT EXPENDITURE.

It was necessary to make provision during the coming year for a comparatively large expenditure of \$10,-638,500 under Public Works Extraordinary, together with \$6,714,060 Special Expenditure. Items included under Public Works Extraordinary are all new works and not replacements. It is appropriate, therefore, to finance them from loan funds.

The Special Expenditure covers replacements of equipment which has been in use since the reoccupation and also rehabilitation items.

EXTRAORDINARY EXPENDITURE FOR PUBLIC WORKS.

A number of important public works are to start during the current fiscal year the two most important ones being a reclamation scheme in the Central district which is estimated to cost, over a period of at least two years, \$14 million, and another reclamation scheme in Hung Horn the estimated cost of which is \$18 million. For the current financial year these two schemes will only absorb each \$100,000. The Hung Horn reclamation will yield 93 acres of land which may bring some \$20 million when sold as building sites, and in addition the levelling of hillsides in this very desirable industrial area should increase the amount of land available for sales to factory owners and builders. The Central district reclamation provides for additional space for piers and harbour facilities; on the new land there are to be constructed 5 piers with transit sheds, to replace obsolete piers, and a new dock road of 100 ft. width, 3,300 ft. length. The two reclamation schemes may be eventually financed, to some extent, by a loan from the Colonial Development & Welfare funds.

The total expenditure under "Public Works Extraordinary" amounts to \$10.6 million, the largest portion of which (\$5 million) will go, as a non-recurrent payment, to those people who have before the war occupied sites at Kai Tak which the Japanese occupation forces have incorporated into the present air field without paying compensation. Other projects include road repair, widening, building, smaller reclamations, market, school, quarters and other buildings.

(2.) 3½% Dollar Loan 1934. The loan was raised in 1934 and is redeemable by 25 annual drawings not later than 30th June. Redemption is made annually on 15th July. Interest is payable annually on 15th January and 15th July. The amount outstanding on 31st March, 1948 was \$6,720,000.

(3.) 3½% Dollar Loan 1940. The loan was raised in 1940 and is redeemable by 25 annual drawings not later than 30th June. Redemption is made annually on 15th July. Interest is payable annually on 15th January and 15th July. The amount outstanding on 31st March, 1948 was \$8,488,000.

The two latter loans are redeemable by 25 annual drawings. During 1947 drawings to cover the period 1942/47 were made and bonds to the value of \$6,192,000 were redeemed.

Rehabilitation Loan (1948)

Towards the end of 1947, an Ordinance was enacted to provide for the raising of Loans up to a maximum of \$150,000,000 for the purpose of financing expenditure on the rehabilitation of the public services. On the 19th December, 1947, applications were invited for subscriptions to the first portion of this loan amounting to \$50,000,000 and by the 9th January, 1948, the issue was fully subscribed. This loan bears interest at the rate of 3½% and is redeemable not earlier than 1973 and not later than 1978. Interest is payable annually on 15th January and 15th July. Contributions are made to a sinking fund at a rate not less than 1% per annum.

Payments To Be Made in 1948/49 Financial Year for Interest, Sinking Fund & Redemption on Public Loans.

4% Conversion Loan 1933 (\$4,838,000)			
Interest	193,520		
Sinking fund	165,521		
			359,041
3½% Dollar Loan 1934 (\$14,000,000)			
Interest	225,400		
Redemption (1/25th)	560,000		
			785,400
3½% Dollar Loan 1940 (\$11,790,000)			
Interest	146,000		
Redemption (1/25th)	472,000		
			618,000
3½% Rehabilitation Loan 1947/48 (\$50,000,000)			
Interest	1,750,000		
Sinking fund	500,000		
			2,250,000
Interest and redemption of further issues under Re- habilitation Loan Ordinance 1947 ..			1,500,000
Total Expenditure			5,512,441

ALLOCATIONS OF FUNDS AND ESTIMATED EXPENDITURE OF THE HONGKONG GOVERNMENT REHABILITATION LOAN (1948)

Total of funds allocated: \$150 million.

Total Expenditure incurred up to March 31, 1947: \$30,360,747.

Total Estimated Expenditure up to March 31, 1948: \$73,046,732.

Total of Estimated Expenditure for the financial year of 1948/49: \$49,915,555.

Allocations have been made for eleven items, viz.—Agriculture, forestry and gardens; Air & meteorological services; Buildings; Claims & compensation; Education; Harbour facilities; Medical services; Miscellaneous; Public Works; Railway; and Waterworks.

	Funds allocated	Expenditure up to 31.3.47	Estimated expenditure up to 31.3.48	Estimated expenditure in 1948-49
(1)—Agriculture, forestry and gardens	1,470,000	558,970	1,101,658	102,187
(2)—Air and meteorological services	310,000	4,917	292,780	15,000
(3)—Buildings	35,175,000	3,355,887	12,962,240	19,794,000
(4)—Claims and compensation	30,500,000	19,194,660	30,240,000	240,000
(5)—Education	7,210,000	472,435	1,975,433	4,317,000
(6)—Harbour facilities	5,450,000	1,149,454	4,601,684	664,868
(7)—Medical services	1,715,000	1,008	1,591,513	50,000
(8)—Miscellaneous	8,500,000	2,239,340	4,781,000	1,804,000
(9)—Public works	30,270,000	1,941,418	9,776,130	14,941,000
(10)—Railway	24,400,000	961,185	2,801,794	1,910,000
(11)—Waterworks	5,000,000	481,473	2,922,500	2,077,500

EXCHANGE & FINANCIAL MARKETS

GOLD TRANSACTIONS

Demand by Chinese investors and speculators remains on a very low level; as the people are increasingly expropriated, to a good extent by means of currency inflation, the productivity of the nation drops and wealth accumulates ever more in the domestic and foreign accounts of the relatively few privileged and powerful individuals and their retainers, the country assumes increasingly the character of a poorhouse, and it is of course impossible to expect that one can sell large quantities of gold to a poorhouse.

If not for the periodic gold rushes by the masses as well as by the possessing classes in the cities for "cover" in order to avoid or minimise the official efforts to requisition, by means of the banknote printing press, the last cents of the people, very little gold business with China could have been carried out in the past.

Local gold importers and brokers are quite impatient about the prolonged buyers' resistance in China but all wishful commentaries and spreading of entirely unfounded reports—playing on the nervousness of general investors as to the questionable stability of foreign currencies—have not changed the outlook. Sour faces and long noses greet one these days when looking up gold dealers who, lacking business, divert their energies to "market research and forecasts" thus hoping to interest new circles who so far have remained aloof from playing the gold market.

There was a weak turnover here last week with 14,120 taels sold on the spot market, inside the Exchange, and 41,200 taels on the spot curb market; and 107,100 taels transacted on the forward market, for delivery, plus 385,080 taels on the "paper," (fictitious, margin clearing) speculative market.

Highest & lowest prices last week were (in HK dollars per tael):—339¼—328½, corresponding to cross rates of US\$49, high, and 47¼, low, per troy oz.

The Canton market ruled quiet quoting, per tael, HK\$ 338/40 at the beginning of the session, and closing at 331/34. But for the flight capitalists from Central China there may not have been much business last week in Canton. With decreasing influx of "hot" money towards the end of last week the Canton market succumbed to a state of torpor.

Business in Shanghai was, during a few days, brisk but at unattractive rates which corresponded to about HK\$ 340/350 per tael. The week opened at CN\$ 41 million, climbed to 44 million in tune with the enormous outpourings of printing press money by Central Bank of China and the all-round advance in prices.

Gold hoards here and in Macao could not be reduced last week; there

were daily some transports from Macao to S. China (2,000 taels per day on the average) and Hongkong also shipped every day a similar quantity to South and Central China, but arrivals in Macao—mostly backlogs—are offsetting these unrecorded imports into China (from the point of view of Chinese Maritime Customs). Two local native banks (Hang Seng and Wing Tai) received larger backlogs and much more is expected to come consigned to native banks and bullion brokers.

The slump in the gold business has also led to the collapse of the "special import licence fee" (actually squeeze good and proper) which at one time was \$28 per ounce and now has flopped to \$6 which amount also includes the official import duty (by Macao Govt.) of \$2 and 3 respectively for gold imported and airlifted to Macao in transit. The intermediaries have now to be satisfied with about \$3 "profit" per ounce. Fees for transporting gold from Macao to Hongkong, in spite of the risks involved and the watchfulness of Hongkong's Revenue officers, have dropped to a few dollars only as the business at the moment can no longer afford any extravagant premiums.

There was much excitement last week about the prospects of selling gold to Malaya as Singapore quoted

one tael at the almost record rates of Str. \$199 (equalling about HK\$ 361) but transportation and "incidental" charges may eventually not bring in what is so confidently expected right now.

Gold prices in outport markets at the end of last week:—

Amy: Gold CN\$46/45.7 m. per oz., T.T. Hong Kong—137,000. T.T. Shanghai—92.

Swatow: Gold CN\$46 million. T.T. Hong Kong—134,000. T.T. Shanghai—96.

Bangkok: Gold price per 15 grs.—540 Ticals. T.T. Hong Kong—3.72.

*Gold Turnover during April:—

Total sales of gold on the local market, spot, inside the Exchange 74,959 taels, outside the Exchange 151,000 taels, making a total of 225,959 taels. Forward sales, for delivery, 460,000 taels, and for margin clearings (paper bars) 2.1 million taels. Total spot sales in the preceding three months (March, Feb., Jan.):—213,000; 146,000; 151,000 taels. The March turnover in forward business was about 500,000 taels for delivery and 1.8 million taels "paper bars."

HONGKONG OFFICIAL EXCHANGE RATES

AGREED MERCHANT RATES

MAXIMUM SELLING		MINIMUM BUYING	
STERLING. 1/2 15/16	delivery within 1/3	1/32 T.T.	
	2 months with 1/3	1/16 O/D.	
	a cut of 1/32	1/3 3/32 30d/s.	
	for every fur-	1/3 1/8 60-90d/s.	
	ther 3 months	1/3 5/32 120d/s.	
	forward.		
—Do—		1/3 1/8 O/D if under L/Credit.	
(East & South Africa)		1/3 3/16 O/L with L/Credit.	
—Do—		1/32nd up every 30d/s.	
(West Africa & West Indies)		1/3 5/16 O/D if under L/Credit.	
RUPEES (India)	82 %	1/3 3/8 O/D with L/Credit.	
		1/32nd up every 30d/s.	
		83 % T.T.	
		84 % O/D.	
		84 ¼ 7 & 30d/s.	
		84 ¼ 60d/s.	
		84 ¾ 80d/s.	
—Do— (Rangoon)	82 %	All buying rates	
—Do— (Aden)	82 %	3/16th higher than India.	
		84 ¼ O/D if under L/Credit.	
		84 ¼ O/D without L/Credit.	
		84 ¾ 30 & 60 d/s.	
		53 ½ T.T. & O/D.	
STRAITS \$	52 ¾	53 ¾ 30 & 60 days	
		25 ¼ T.T.	
U.S.\$ 24 15/16	delivery within	25 5/16 O/D—30d/s.	
CANADIAN \$	2 months with	25 3/8 60—90d/s.	
	a cut of 1/16		
	for every fur-		
	ther 3 months		
	forward.		
U.S.\$ NOTES		25 % (Banks to pay Insurance and Postage).	
AUSTRALIA.	1/6 ¾	1/6 ¾ T.T.	
		1/6 15/16 O/D.	
NEW ZEALAND.	1/6 7/16	1/6 13/16 T.T.	
		1/6 7/8 O/D.	

HIGHEST AND LOWEST UNOFFICIAL QUOTATIONS IN HONGKONG

(in Hongkong dollar per tael of gold; and per US\$100)

	April 1948		March 1948		February 1948		January 1948		Year 1947	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
GOLD	344½	318	354	316¾	372	331	345	295½	405	254
(CROSS RATE IN US\$	49	46½	50¾	45½	54¾	51½	54	49	57½	42)
U.S. NOTES	575	560	588	535	575	511	522	485	581	440
U.S. DRAFTS	587	563	598	542	594	511	516	490	575	454
TT NEW YORK	594	570	608	558	604	518	530	500	593	482
(CROSS RATE IN US\$ PER £	2.69	2.80	2.62	2.86	2.65	3.08	3.02	3.20	2.70	3.32)

Market Report

It is conservatively estimated that arrivals in Macau amount to 50,000 ounces weekly. Against these arrivals, demand from China has been barely 20,000 ounces per week. It is estimated that the total supplies of gold at present held in Macau and Hongkong amount to approximately 400,000 ounces. The above picture would tend to convey the impression that the Market is inclined to be top heavy.

Towards the end of the week the market declined rather sharply on rumours of the possibility of the Gold Market being discontinued in Hongkong. If such measures are to be taken, which is extremely doubtful, the Market would not doubt decline sharply, which would in all probability precipitate an extremely critical situation. Many Banks have considerable loans outstanding against gold deposits; these loans would be called and consequently the money position would probably become very tight.

The prevailing position in the Gold Market may be considered to be as follows:—Over-bought 300,000 taels, over-sold only 100,000 taels. The balance of 200,000 taels is approximately made up as follows:—50,000 taels cash gold deposited in safety deposit boxes etc., fully paid for and free of all charges; and 150,000 taels sold against cash gold held purely on an interest basis.

If it were necessary to liquidate the present outstanding position, it would be reasonable to expect that the 150,000 taels of cash gold being held on an interest basis, would be delivered, thereby fulfilling forward sales to the amount of 150,000 taels, in respect of this cash gold. However, it is difficult to imagine who would be willing to take delivery of 150,000 taels of gold especially if any restrictions were to be imposed on future gold trading in the Colony. Therefore, it might be concluded that the technical position of the Gold Market at present favours the Bears rather than the Bulls.

R. J. R. Elias

SILVER BUSINESS

In spite of an improving sterling cross rate in New York and better rates for HK\$ in terms of TT New York in the local market, silver dealers were still riding on high horses, asking \$4.28 per tael, \$2.75 per dollar coin, and \$2.10 per 20 cents coin. The turnover was very small with only 37,800 taels being transacted, and coins sold at a value of \$1,000 for dollar coins, and \$56,600 for subsidiary coins. As long as prices will not tumble there cannot be any exports to the U.S., the only market for Hongkong shipments.

Silver exports in March 1948:—178,657 troy ounces, valued \$554,312, viz. 5,000 ozs (\$15,200) in bars to the Philippines, 133,312 ozs. (418,071) in bars to the U.S., and 40,345 ozs. (121,041) in coins also to the U.S.

US\$ TRANSACTIONS

A very quiet market with few inquiries and also declining amounts of inward remittances. Highest & lowest rates:—notes HK\$565—560, drafts 572—568, TT 577—573, equalling cross rates of US\$2.77 and 2.79. Sales (inside native banks' exchange) TT US\$809,000, drafts 316,000, notes 156,000.

Gold importers stayed away except for a few sellers of their previously collected funds in New York. Supply is becoming much easier. The advance in the unofficial cross rate in New York and higher prices for sterling reported in Near Eastern markets have unnerved the TT New York a la hausse clique, and many of the most vociferous undertakers of sterling have calmed down and are already making plans to sell dollars short.

CHINESE MONEY MARKET

While Central Bank's official open market rate cannot be disturbed and remains on its unrealistic level, the black market in Shanghai scored with CN\$ 850,000 per US\$1 (note) and over 9 lakhs per US\$1 (TT). The week in

Shanghai opened at CN\$730/770 (three zeros are omitted) for US\$, and CN\$142 per HK\$. The highest rates for the week (closing rates) were CN\$850 and CN\$153 per US and HK dollars respectively.

Canton's money market, flooded with Central Bank notes freshly printed in Shanghai, Hongkong, America etc., quoted HK notes highest and lowest at CN\$152 and 130 (three zeros omitted).

Local transactions last week:—TT Shanghai CN\$1,013 billion, TT Canton 271 b., spot notes 45 b., and forward notes 29½ billion. Highest and lowest bank note prices (per CN\$ Ten million) HK\$79—73, spot, and HK\$76½—71¾, forward.

After the recent panic of capital moving from Shanghai and Northern places to South China and Hongkong, a short lull appears to have set in, and the fury has once again passed.

With cajoling and menacing words the various authorities in Nanking and Shanghai prevail upon the multitude of capital fighters to remain with their funds in the country and devote them to the promotion of the weal of the nation. To judge by the complaints heard in Canton about the incessant arrivals of money, in any shape and form, these official efforts have not been altogether successful.

The various inspired statements made during recent weeks in Shanghai about stabilisation of the currency or reform of the financial structure of Nanking meet either with sarcastic comments or are brushed aside as just so much eyewash.

BANK NOTE MARKETS

Piastre sales on spot market totalled 4,460,000, and forward sales 4,140,000; these sums include Ideo (Red & Black) notes which cost now about HK\$9½ per 100 piastres (against HK\$11 to 11½ for the legal tender of Indochina).

Nica guilders have lost much favour in Singapore and consequently local currency smugglers have abandoned shipping them to Malaya and Java.

HONGKONG UNOFFICIAL EXCHANGE RATES (IN HK\$)

	Gold per Tael		CN\$ (per ten million)		Spot		Forward		S'hai Canton		US		(per 100)		Guilder		Pound	
	High	Low	High	Low	High	Low	High	Low	T.T.	T.T.	Notes	Draft	T.T.	I.C.\$			Haht	Note
April																		
26	339¾	336½	77	73	75	72	72	72½	565	570	575	575	11¼	45	25¼	13.3		
27	337	335	75	74	73	72	73	73½	564	571	576	576	11¼	44¾	25½	13.3		
28	336¾	334½	76½	74½	74¾	72¾	73¾	73¾	560	571	575	575	11¼	45	25¼	13.3		
29	338	335½	79	76	76½	74	72¾	75¾	561	572	576	576	11¼	43½	25½	13.3		
30	337½	330¾	79	77	74¾	71¾	67½	70	560	568	573	573	11¼	43¼	25¼	13.3		
May																		
1	333½	328½	77½	77	73½	72	67	69¾	560	568	574	574	12¼	40¾	25½	13.3		

HONGKONG STOCK & SHARE MARKET

The improvement which set in last week continued unabated during the week under review, April 26 to April 30. Throughout the period a firm undertone prevailed, while interest widened. Prices hardened, gradually in increasing volume. Transactions, as reported, totalled 135,964 shares valued at approximately \$4½ millions, an increase of \$1¼ millions compared with the previous week.

Outstanding leaders in the rise during the last two weeks of April, which marked the reversal of trend, have been HK Docks, China Providents, HK Tramways, China Lights, Green Island Cements and Watsons. Among these China Lights, Cements and Watsons closed at new post war high quotations.

The action of the market during the week, which recorded the best recovery in two months, with three stocks breaking through to new highs, is regarded as significant. According to observers it is indicative of the beginning of a general movement to higher levels.

Upward Tendency

Several factors have contributed to the more cheerful outlook. The main direct ones, which are expected to continue being responsible ones for sometime, are summarised as follows:—

1. Persistent reports of improved working results of several local companies.

2. Influx of fresh outside capital for investment in HK stocks, and

3. The release of considerable funds which have been tied up in gold, some of which have been diverted into shares.

It is not improbable that these direct factors will gather momentum as the year progresses in consequence of most Companies' earnings for the second quarter can now be more accurately estimated (despite the fact that Companies do not publish quarterly earnings reports). Influx of capital is expected to continue. The pace at which local stocks of gold have been reduced vis-a-vis the difficulties of obtaining fresh supplies indicates that more funds will become available for investment in shares.

As regards indirect factors the leading one will be currency revaluations, the possibilities of which have been

Bank of England notes have appreciated and were selling between \$13.30 to 13.40 which price, however, is still very cheap compared to other unofficial or free exchange markets; e.g. New York is now buying £1. notes at US\$2.65 and over, while the local pound note price would correspond to a cross rate of US\$2.35 only. A local price of HK\$14.30 would appear justified in order to keep it in line with unofficial rates in the U.S.

pointed out in these columns. Rumours and fears of this will recur. Every revival of talks to this effect will provide fresh buying stimulus.

H.K. Stock Exchange Committee Report:—

The week opened on a steady note, this has been more than maintained, and at the close many quotations show an improvement. Although the total business written for the week has not been on a large scale, the volume has gradually increased from day to day, and closes with a number of unsatisfied demands.

The Directors of the Union of Canton are inviting Shareholders to sanction alterations of the Society's Articles of Association, the effect of which will be transferring part of the Reserves to Capital Account the shares thus becoming fully paid at £10 each.

Price Index

The Felix Ellis price index of twelve representative active local stocks showed a net gain of 1.46 for the period, penetrating all previous lows for the year convincingly. Day-by-day his averages were: April 26, 144.61; April 27, 144.89; April 28, 145.00; April 29, 145.21; April 30, 145.90. The high and low for 1947 were 155.82 and 123.88 respectively. The high for 1948 was 148.68 on February 12 and the low was 143.56 April 16.

Company Reports

The Report and Accounts of the HONGKONG FIRE INSURANCE CO. for 1947 showed a net profit of \$1,053,965 compared with \$762,795 for 1946. Post war cash dividends have been: \$8 for account of 1945, and \$10 for account of 1946. Compared with 1946 the position, as at December 31, 1947, showed an improvement of \$1,627,486. The shares are now fully paid through capitalisation of part of the reserves.

Though the profit from working account increased by \$34,000 the Report and Accounts of the HONGKONG ENGINEERING AND CONSTRUCTION Co. Ltd. for 1947 revealed a net profit of only \$45,000 compared with \$81,000 in 1946. Fixed Assets, after depreciating approximately \$67,000, increased by \$72,298, while Current Liabilities exceed Current Assets by \$658,153 79 representing an increase of \$194,590.13.

Capital Bonus

THE UNION INSURANCE SOCIETY OF CANTON will declare a capital bonus of £4 per share by capitalising the sum of £540,000 part of the reserves standing to the credit of Exchange & Investment Fluctuation Account. This sum will be applied towards making the shares, which are now only £6 partly paid, fully paid £10 each.

Business Done

GOVT. LOANS 3½%, 1948: @ 101.
H.K. BANKS: @ 2040, 2050, 2060, 2050, 2055, 2050, 205½.
INSURANCES: @ 400; UNIONS @ 795, 790, 795, 800; H.K. FIRE @ 300.
SHIPPING: DOUGLAS @ 240.
DOCKS & GODOWNS: WHARFS old @ 155, 157½; HK DOCKS: @ 32, 32¼, 32½, 32¾, 33¼, 33½, 34, 34¼; CHINA PROVIDENT: @ 24¼, 24½, 24¾, 25; SHAI DOCKS @ 25.
MINING: H.K. MINES: @ .03.
HOTEL & LANDS:—H.K. HOTEL @ 18¼, 18½, 18¾, 18¾, 18½; H.K. LANDS: @ 82½, 83, 83½, 83¾; SHAI LANDS: @ 5¾; HUMPHREYS ESTATES @ 24½ and CHINESE ESTATE @ 185.

UTILITIES: H.K. TRAMS @ 23½, 23.40, 23½, 23¾, 23.65, 23¾, 24; PEAK TRAMS @ 22; STAR FERRIES @ 127; CHINA LIGHT New @ 19½, 19¾, 19½, 19.65, 19¾, 20; Old @ 24¼, 24, 24¼, 24.15, 24, 24.15, 24¼, 24.35, 24.30, 24½, 24.40, 24½, 24¾, 25, 24¾; ELECTRICS @ 50¼, 51, 51½, 52, 52¾, 51½, 51; TELEPHONE old @ 44.

INDUSTRIALS, CALD, MACG, @ 24; CEMENTS 42½, 43, 43¾, 43½, 43¼, 43½, 44, 44½; ROPES @ 20¼, 20½; DAIRY FARM @ 53, 53½, 55, 53½; WATSONS X. RTS @ 53¾ 54, 55, 55½, 56, 55¾, 56, 57; Rights @ 29, 29½, 30, 30½, 31, 30 ½, 31; and New @ 52.

STORES: SINCERES @ 8.80; C. EMPORIUM: 12¾; KWONG SANG HONG @ 200, 200½; SUN CO. @ 5½.

MISCELLANEOUS: H.K. CONSTRUCTIONS @ 6¼, 6; New 5.5.
COTTONS: EWOS 20½, 20¾, 21½, 21.

TOBACCO CONSUMPTION IN HONGKONG

Local consumption of cigarettes, cigars and smoking tobacco of all brands in the first three months of this years amounted to nearly 1,000,000 pounds. Of this, 882,737 pounds were cigarettes, 2,840 pounds were cigars and 18,070 pounds were European smoking tobacco.

Duties collected by Government on local consumption are estimated at some \$4 million. The 882,737 pounds of cigarettes would amount to some 353,000,000 pieces (2.5 lbs. per 1,000 pcs.), while the 2,840 pounds of cigars would total 190,000 pieces (1.5 lb. per 100 pcs.).

Following are figures of local consumption of cigarettes, cigars and smoking tobacco for the first quarter of 1948.

	European Smoking Tobacco		
	Cigarettes lbs.	Cigars lbs.	Tobacco lbs.
January ..	275,176	443	5,368
February ..	370,447	1,512	5,658
March	237,114	885	7,044
Total ...	882,737	2,840	18,070

DIAMONDS AS INVESTMENT, ORNAMENTS AND INDUSTRIAL TOOLS

(By "Facet")

The bulk of the world's supply of diamonds come from South Africa, Tanganyika, Belgian Congo, Gold Coast, Sierra Leone, Brazil and British Guiana, but the largest producer of gem-stones is South Africa. The Belgian Congo production is large but consists chiefly of "industrial diamonds," or Boart. These are the diamonds used for cutting, grinding and polishing and are not suitable for gems.

South Africa's diamonds are found as alluvial deposits in river beds or old river beds and in "volcanic pipes," columns of diamond bearing rock in the ground going down thousands of feet. This rock is brought to the surface and left to weather so that it breaks up more easily. It is then crushed still further. One method of separating the diamonds from the rock is for the material to be passed over inclined tables whose surface is coated with vaseline. The diamonds stick in the vaseline and the waste material passes over it. Several hundred tons of rock must be mined and brought to the surface before a one carat gem diamond is found.

First Findings.

Diamonds were first found in India, but it was not for a long time that means of cutting and polishing them were found. The rough diamond is not an attractive article, and it is not surprising that miners who found them when digging for other minerals used them as counters in card games. Diamonds were found in Brazil about the year 1725, but it was not until 1867, when the first South African deposits came to light, that the diamond mining industry began to assume large proportions. The first diamond found, by the children of a Boer farmer, was sold for £500 and exhibited at the Paris Exhibition. A little later another stone was found by a farm boy and was sold for £11,000.

Prospectors now began to search for the source of these valuable stones and the town of Kimberley, now the centre of the diamond mining industry, sprang up. At first the mining was carried out by many hundreds of individual operators and as the open diggings became deeper the work became highly dangerous due to rock falls. Cecil Rhodes amalgamated these claims into a sound industry using modern mining methods, and formed the De Beers Mining Company. It was the wealth from these mines, controlled by Cecil Rhodes, that enabled him against violent obstructionism from ignorant and narrow minded politicians in England, to open up and bring law and order into what is now British Africa.

Diamond Prices & Cuts.

The price of diamonds is, and has been for many years, more successfully controlled than that of any other commodity. The purpose is not, as

many imagine, to obtain an artificially high price, but is a successful endeavour to maintain a steady price and prevent wild fluctuations. The whole of South African production, and now that of the new mines in Tanganyika, and a large part of other world production, passes into the hands of three associated companies. This organization releases a flow of rough diamonds to the cutters as the market demands.

The diamond has been, and still is, cut in many shapes, brilliant, rose, emerald, square, baguette, baton, kite, marquise and many others, but the modern brilliant cut with its fifty eight facets was scientifically designed to get the maximum brilliancy and fire from the stone.

The cutting is done mainly in Holland and Belgium but a very successful industry is now running in Johannesburg which owes its success to the very fine quality of its work. A certain amount is also done in U.S.A. and Palestine.

The first task of the cutter is to decide how to cut the rough diamond. Bad judgment may mean a loss in value of the finished gems of many thousands of dollars, and the men who decide how the diamond shall be cut have many years of experience behind them. The rough diamond as usually found is in the shape of two pyramids placed base to base, though these may be distorted. The diamond will probably be sawn through at or near the centre where the two bases of the pyramids join. This sawing is done by a paper-thin phosphor bronze disc revolving at very high speed. Diamond dust has been forced into the cutting edge of the disc, thus making it capable of cutting diamond, but it is a slow process. The portion of diamond is next fixed in a holder by means of a lead mixture with a low melting point and the forming of the facets and the polishing commenced, fifty eight facets in the case of a brilliant cut. This work is done on a horizontal disc of cast iron, known as a "Mill," into which has been forced diamond dust and oil. The position of the diamond has to be adjusted for each facet.

Determination of Values.

The value of a finished gem diamond depends on several factors, the weight, the colour, the quality of cut and polish, the surface lustre and the imperfections in the diamond. The value per carat increases out of proportion as the weight increases, other qualities being equal, as the larger the stones the more rare they become. Perhaps one thousand tons of rock has to be lifted several thousand feet to the surface of the earth, broken up and sorted, before one stone that will cut into a two carat gem is found.

The most valuable diamond is the "Blue White," next lower in the scale of value comes the white, then those tinged with yellow, then yellow and finally brown. Unscrupulous dealers will sometimes try to sell diamonds in a room with a blue carpet, curtains or paintwork. The diamond is very sensitive to the colour of the light which enters it and is reflected out, and purchasers should be careful to examine diamonds in a white natural light. Most diamonds are graded for colour by eye but there are instrument which give an accurate and infallible assessment of the colour value.

It is one of the peculiarities of Nature that "blue-whites" are more frequently flawed and spotted than the lower grades. The quality of cut and perfection of polish vary to quite a high degree with the factory.

A white sapphire or white zircon is sometimes offered to the unwary buyer as a diamond. It is quite easy to distinguish zircon from diamond as the former possesses the quality of double refraction, that is if light is passed into the stone it will be split into two beams. On looking into the stone with a glass the edges between the bottom facets will appear to be doubled. The diamond has single refraction. The zircon is also very brittle and under a glass of ten magnifications signs of this brittleness will usually be seen in rough edges between the facets.

Taste in diamonds varies curiously in different countries and for no apparent reason. One country will not take diamonds with carbon spots but has no objection to yellow stones. In another country stones that are tinged with yellow can scarcely be sold although there is a strong demand for the white colours and carbon spots are not objected to. In one country size is what the customer wants irrespective of colour and flaws. Wherever one goes in the world, however, blue-whites and the high grades of whites are highly prized and these are the diamonds that should be purchased when the investment value is considered.

Diamonds in Industry.

Everyone is familiar with the diamond as used by the glazier for cutting glass for windows etc. Apart from this use perhaps the first application of the diamond to industry was in the rock drill.

Diamonds are set round the circumference of a revolving cylinder and forced into the ground. Being harder than any other substance known on earth such a drill will cut its way through the hardest rock and can be used for forming bore holes for blasting, for drilling a hole to take a tube to bring up oil or water or for bringing to the surface samples of all the strata through which the drill passes.

Drills of other kinds, set with diamond cutting edges, are used for many other purposes. Glass and porcelain are cut, drilled and engraved with diamond tools. Diamond dust, produced during the sawing and cutting of diamonds, is extensively used as an abrasive.

PROPOSED ESTABLISHMENT OF A CENTRAL BANK IN THE PHILIPPINES

(By C. R. Leaber, Manager of Manila Office, National City Bank of N. York)

This report is designed as a brief analysis of the Central Bank Bill drafted under the auspices of the Central Bank Council and recently submitted to the Congress. An explanatory note accompanying the Bill holds out the promise that a Monetary Board entrusted with a wide array of powers over money and credit can achieve the twin objectives of international stability and convertibility of the Peso and orderly growth in production, employment, and real income.

Establishment and Organization

The capital of the Central Bank will be P10,000,000, appropriated from the Exchange Standard Fund.

It will be the duty of the Central Bank to use the powers granted it under the act to achieve the following objectives:

- a. To maintain monetary stability in the Philippines.
- b. To preserve the international value of the Peso and the convertibility of the Peso into other freely convertible currencies.
- c. To promote a rising level of production, employment, and real income in the Philippines.

The powers and functions of the Central Bank will be exercised by the Monetary Board composed of the Secretary of Finance, the President of the Board of Governors of the Rehabilitation

Finance Corporation, and four other members, one of which will be designated the Governor of the Central Bank, appointed by the President with the consent of the Commission on Appointments. The Governor will be appointed for a term of six years, and the three other members for staggered six-year terms.

The Central Bank will establish and maintain a Department of Economic Research and a Department of Supervision and Examination. The latter will be charged with the supervision and periodic examination of all banking institutions operating in the Philippines, including all government credit institutions. It will perform most of the functions now delegated to the Bureau of Banking.

The Central Bank and the Means of Payment

The Bill specifies that the par value of the Peso shall not be altered except when such action is made necessary by certain circumstances which the Bill proceeds to enumerate as follows:

- a. When the existing par value would make impossible the achievement and maintenance of a high level of production, employment, and real income without—

1. The depletion of the international reserve of the Central Bank; or

2. The chronic use of restrictions on the convertibility of the Peso into foreign currencies or on the transferability abroad of funds from the Philippines; or

3. Undue Government intervention in, or restriction of, the international flow of goods and services; or

- b. When uniform proportionate charges in par values are made by the countries which are members of the International Monetary Fund; or

- c. When the operation of any executive or international agreement to which the Republic of the Philippines is a party requires an alteration in the gold value of the Peso.

"Notwithstanding the provisions of the preceding paragraph, if there should be an emergency which, in the opinion of the President, is so grave and so urgent as to require immediate action, the President may modify the par value of the Peso without the prior approval of Congress; Provided, however, That he shall report to the Congress on his action at the earliest opportunity."

The Central Bank will have the sole right and authority to issue currency within the territories of the Philippines. Notes and coins issued by the Central Bank will be liabilities of the Bank and may be issued only against, and in amounts not exceeding, the assets of the Bank. Notes and coins will be a first and paramount lien on all the assets of the Central Bank.

Guiding Principles of Monetary Administration by the Central Bank

The Monetary Board will endeavor to control any expansion or contraction in the money supply, or any rise or fall in prices, which, in the opinion of the Board, is prejudicial to the attainment or maintenance of a high level of production, employment, and real income.

The Central Bank will exercise its powers to maintain the par value of the Peso and the convertibility of the Peso into other freely convertible currencies.

In order to maintain the international stability and convertibility of the Philippine Peso, the Central Bank will maintain an International Reserve adequate to meet any foreseeable net demands on the Bank for foreign currencies.

Instruments of Central Bank Action

The Monetary Board may at any time require that any gold held by any person or entity under the jurisdiction of the Philippines be delivered to the Central Bank.

The Central Bank will engage in foreign exchange operations with banking institutions operating in the Philippines, with the Government and its political subdivisions, and with foreign governments and their instrumentalities. The Central Bank will buy and sell any quantity of foreign exchange in currencies which are freely convertible into gold or United States dollars, provided that the offers or demands are made by entities with which the Central Bank is authorized to do business.

The Bill provides for exchange-controls when deemed necessary in order to protect the Central Bank's reserves during an exchange crisis and to give the Monetary Board and Government time in which to take constructive measures to meet such a crisis. The approval of the President is required before exchange-controls and a licensing procedure may be installed.

The Monetary Board will determine the rates at which the Central Bank will buy and sell spot-exchange, but these rates will not differ by more than 1/2 of 1% from legal parities unless a greater divergence from the legal parity exists in foreign markets.

The Monetary Board will determine the maximum and minimum rates at which banks may buy and sell spot-exchange.

The Monetary Board may require the banks to sell to the Central Bank all or part of their surplus holdings of foreign exchange.

The Central Bank may normally and regularly carry on credit operations with banking institutions operating in the Philippines. It is authorized to extend rediscounts, discounts, loans, and advances with the objective of regulating volume, cost, availability, and character of bank credit and to provide the banking system with liquid funds in times of need.

Part of the reasons for the very high degree of reliability and amazingly long life of modern aero engines is due to diamond tools. What automobile engine would give 150,000 miles of trouble free running before a major overhaul and give off practically full power at the end of this period? The Bristol Aeroplane Company, long before the last war started in 1939, were finishing the bores of their aero engine cylinders and their pistons with a diamond tool. Looked at closely with the naked eye a normal piston or cylinder bore, finished with a hard steel tool, appears mirror smooth and polished. Inspected under a microscope the metal appears rough and torn and full of pitted holes. A diamond tool used for the final machining operation not only gives a smooth finish but squeezes the surface into a hard skin that reduces friction and successfully resists wear and corrosion. The same process is applied to high-class work in piston-rings, bearings etc. Diamond tools and diamond abrasives are being used more and more to produce high class finishes and longer-lasting and more economical machines, and it is thanks to the gem diamond trade that the industrial diamond can be produced so cheaply, in that the gem diamond absorbs part of the high cost of mining operations.

THE TEXTILE INDUSTRY OF HONGKONG

The Monetary Board will fix the interest and discount rates to be charged in accordance with the character and term of the operation, after due consideration has been given to the credit needs of the market, and the general requirements of the national monetary policy.

The Central Bank may make direct provisional advances to the Government or to any of its political subdivisions to finance expenditures authorised in the annual appropriations of the borrowing entity, provided that advances be repaid before the end of the first quarter following the end of the fiscal year of the Government and that the advances will not in their aggregate, exceed 15% of the estimated income of the borrower for the year.

The Central Bank may in accordance with certain principles stated in the act, and with such rules and regulations as may be prescribed by the Monetary Board, buy and sell in the open market for its own account evidences of indebtedness issued directly by the Government of the Philippines, or by its political subdivisions, and evidences of indebtedness issued by government instrumentalities and fully guaranteed by the Government.

The Bank may, subject to such rules and regulations as the Monetary Board may prescribe, issue, place, buy, and sell freely negotiable evidences of indebtedness of the Bank.

Banks operating in the Philippines will be required to maintain reserves against their deposit-liabilities which will ordinarily take the form of deposits in the Central Bank of the Philippines. The Monetary Board is authorised to prescribe and modify minimum reserve requirements. It is provided in the Bill that such ratios shall not be less than 5% or more than 25% for time-and savings-deposits, and not less than 10% or more than 50% for demand-deposits. Under certain circumstances, the Monetary Board may prescribe higher reserve ratios, but not exceeding 100% for any future increase in the deposits of each bank above the amounts outstanding on the date on which the bank is notified of the requirement.

The Monetary Board may:

- a. Fix the minimum rates of interest, which banks may pay on deposits;
- b. Prescribe minimum cash margins for the opening of letters of credit;
- c. Issue such regulations as it may deem necessary from time to time with respect to the maximum permissible maturities of the loans and investments which the banks may make, and the kind and amount of security to be required against the various types of credit operations of the banks;
- d. Place an upper limit on the amount of loans and investments which the banks may hold, or place a limit on the rate of increase of such assets within specified periods of time.

Due to keen competition in cotton piecegoods offered by Chinese products from Shanghai and Japanese finished goods, coupled with less demand for such articles in South East Asiatic countries, the Colony's 722 cotton textile factories have been operating at half-capacity during the last one and a half months.

The Chinese Government operated mills of the China Textiles Incorporated in Shanghai recently exported more than 300 tons of cotton yarn and piecegoods to countries in South East Asia which so far have been the biggest market for Hongkong's cotton piecegoods, while Japanese manufacturers also sent large shipments of finished cotton goods to these markets. The majority of the Chinese products were sent to Far East markets on consignment basis which practice is more appreciated by overseas Chinese merchants, although private traders cannot do business in this way, at least not on a large scale. In addition,

Functions as Fiscal Agent, Banker, and Financial Advisor of the Government

The Central Bank will act as fiscal agent and banker of the Government and its political subdivisions and instrumentalities, and will be the official depository of the Government and its political subdivisions and instrumentalities.

The issue of securities representing obligations of the Government and its political subdivisions or instrumentalities, will be made through the Central Bank. A Securities Stabilization Fund will be established which will be administered by the Central Bank for the account of the Government. The operations of the Securities Stabilization Fund will consist of purchases and sales in the open market of bonds and other fixed-income securities, issued or fully guaranteed by the Government of the Philippines.

Privileges and Prohibitions

On the date on which it begins business, the Central Bank will assume the liability of the Treasury Certificate Fund for all outstanding treasury certificates. The Central Bank will then proceed to exchange outstanding treasury certificates for its own notes. The Central Bank will also assume liability for the Philippine Treasury coin-issue, and as soon as practicable, will exchange treasury coins in circulation for Central Bank coins.

Notwithstanding any provisions in the Bill to the contrary, the Central Bank may, until June 30, 1951, make direct advances to the Government. The total advances under this authority shall not exceed P200,000,000. The advances can be made only against an equivalent amount of negotiable government securities having maturities not exceeding 15 years.

(Reproduced from American Chamber of Commerce Journal, Manila).

the price of both Chinese and Japanese products is cheaper than the one of local cotton piecegoods.

Number of Textile Mills

The actual number of cotton textile factories in Hongkong is 722, though the number registered with the Government Labour Office is much less since many of these workshops are not required by law to register as they employ less than 20 workers or otherwise operate without power driven motors. According to statistics of the Labour Office, the Colony had on March 31, a total of 388 registered cotton textile factories. These were: 185 knitters, 150 weavers, 26 garment & shirt makers, 14 hosiery mills, 5 cloth calendering factories, each three shoe-lace and thread makers, and each one other handkerchief and tape manufacturers.

During the last few months 71 small-sized textile factories — 36 weavers and 35 knitters—were obliged to cease functioning on account of poor business. When they will resume operating, the number of active textile factories here will reach 793.

All the small-sized textile mills (employing less than 20 workers or without power driven motors) have registered with the Department of Supplies, Trade & Industry for allocation of the required cotton yarn without which they could not possibly operate. Since liberation, the Department of S.T. & I. in addition to other duties has been trying its utmost, and with conspicuous success, to procure cotton yarn from Shanghai, Japan, Italy and the United Kingdom to feed practically every one of the Colony's textile factories.

Supply of cotton yarn

At the peak production period, local textile factories would have required each month 8,209 bales of 20's cotton yarn, 1,000 bales of 30's and another but small quantity of other counts of cotton yarn. The Department S.T. & I. made enquires and negotiated on behalf of local industry in Japan, in Shanghai, in Italy, in the United Kingdom and in other countries, and in spite of world-wide scarcity, managed to secure enough cotton yarn for regular distribution to the Hongkong textile mills.

At one time, however, the Department was not able to procure a sufficient quantity of yarn for quick delivery and as a result there existed temporarily a serious shortage. The situation today is satisfactory as the Department succeeded in obtaining regularly adequate quantities of cotton yarn for local distribution, but on account of reduced business many textile factories cannot consume the entire distribution and had to request the Department to delay their allocations.

During the past three months ending April 20, the Department imported 6,024 bales of cotton yarn from Shanghai and Italy in addition to another 167,256 lbs. (about 418 bales) from the United Kingdom. With the arrival of 970 bales early this month from Shanghai, the China Textiles Incorporated have now completed the delivery of the 9,000 bales contracted with Hongkong last September after there had been much delay as the delivery of the 9,000 bales was agreed to be completed in three months by the end of 1947.

Hongkong Government recently concluded another agreement with the China Textiles for the purchase of 5,180 bales of cotton yarn; to be delivered in several shipments within three months according to the contract. The yarn shipments are to include:—2,000 bales of 20's, 3,000 bales of 32's, 90 bales of 40/2's, 60 bales of 60/2's and 30 bales of 80/2's. Payment will be made against Letter of credit as soon as the Chinese State mills dispatch each shipment from Shanghai.

The 6,024 bales of Chinese and Italian yarn and 418 bales of English yarn were brought here by the Department S. T. & I. in 18 shipments during the three-month period ending April 20. The majority of the Chinese and Italian yarns were of 20's, while English yarn was of higher counts.

In addition the Department has rendered much help to private importers to import cotton yarn from the United Kingdom and Italy, and also gave valuable advice to the Colony's newly established cotton spinning mills. The sample production of yarn of two cotton mills is already on the market and proves to be of satisfactory quality for local consumption.

On account of US dollar shortage, the Department, however, purchased no cotton yarn from Japan in the three-month period of 1948.

Production & Equipment of Mills

At the present rate of production, the 722 textile factories of Hongkong would require 4,483 bales of 20's yarn, 596 bales of 32's and an additional small quantity of cotton yarns of higher counts. The Department of S.T. & I. has been able to allocate a sufficient amount of yarn to all mills. The allocation is usually made in three instalments during the month (being always one-third of the monthly requirement).

Hongkong's 722 textile factories together possess 9,755 power driven and hand operated looms for weaving and 5,451 power driven and hand operated machines for knitting, for hosiery, shoe-lace and tape making. Based on the calculation that 4½ yards of cloth will be made from one pound of cotton yarn, the 9,755 looms should be able to produce about 280,000 yards of cloth every month at the current half-capacity production rate of 1,258,548.75 lbs. of yarn. Three pounds of cotton yarn on the average suffice to make

one dozen singlets, therefore the 2,026 rotary, circular, interlock and hand machines operated by the Colony's knitting industry should be capable of turning out, at the present rate of production, a total of 143,962 dozen of singlets of 431,887.68 pounds of cotton yarn. Regarding the hosiery industry, the Colony's 1,952 power driven and hand operated machines should produce 176,813 dozen pairs of men's socks (medium size) with 88,406.51 pounds of cotton yarn (half of a pound

of yarn is sufficient for the production of one dozen pairs of socks).

Following is a list of the local textile industry's requirements of 20's cotton yarn as compiled by Mr. T. H. Hutchinson of the Department of S. T. & I., who himself is a well-known textile expert. The requirements of mills are calculated at the present rate of production.

HONGKONG'S COTTON YARN REQUIREMENTS

	20's Yarn required per month at present rate of allocation.	20's Yarn required per month at full capacity of machines.
	(POUNDS PER UNIT)	
I.) WEAVING FACTORIES		
Looms, power (cloth)	236.25	315
Looms, hand (cloth)	78.75	105
Looms, power (towel)	168.75	225
Looms, hand (towel)	56.25	75
II.) KNITTING FACTORIES		
Rotary, Circular & Interlock	279.72	840
Hand Knitting Machines	93.24	280
Hosiery, hand	14.985	43
Hosiery, power	79.92	240
Shoe-lace Machines	9.99	30
Ribbon or Tape Machine	7.493	22.5

* * * *

TOTAL YARN REQUIRED PER MONTH

I.) WEAVING FACTORIES				
	lbs.	lbs.	lbs.	lbs.
3072 Looms, power (cloth) ..	725,760.00		967,680.00	
6457 Looms, hand (cloth) ..	508,488.75		677,985.00	
103 Looms power (towel) ..	17,381.25		23,175.00	
123 Looms, hand (towel) ..	6,918.75		9,225.00	
		1,258,548.75		1,678,065.00
II.) KNITTING FACTORIES				
1303 Rotary, Circular & Interlock	364,475.16		1,094,520.00	
723 Hand knitting machines ..	67,412.52		202,440.00	
1041 Hosiery, hand	15,599.39		46,845.00	
911 Hosiery, power	72,807.12		218,640.00	
1353 Shoe-lace machines ..	13,516.47		40,590.00	
120 Ribbon, tape machines ..	899.10		2,700.00	
		534,709.76		1,605,735.00
		1,793,258.51		3,283,800.00
		(equalling 4,483 bales)		(equalling 8,209 bales)

* * * *

TOTAL YARN REQUIRED PER ANNUM		53,796 bales.....	98,508 bales
TOTAL YARN REQUIRED IN TONS PER ANNUM		9,781 tons.....	17,910 tons.

* * * *

NOTE: Requirements for 32's cotton yarn are about one-eighth of the total needs for 20's, while requirements for other counts of cotton yarn are small and insignificant.

THE MOTION PICTURE INDUSTRY IN HONGKONG

(By Ronald K. Liang)

A survey of the motion picture industry in Hong Kong was made in the September 3, 1947 issue of the *Far Eastern Economic Review*. Since that time, tremendous progress has been achieved by the motion picture industry here. At the end of last year all the local studios were still operating with prewar model cameras and sound and other equipment. At the present time, there is already one studio equipped with last year's cameras etc., the latest models of Hollywood. Other studios will shortly be fitted in the same way.

It remains to be seen whether producers and technicians in Hong Kong have sufficient experience and training to handle modern equipment.

There are several reasons for the sudden advance of the motion picture industry in the Colony:—(1) The flight of capital from Shanghai to Hong Kong, which caused to some extent industrial progress here also favourably affected the motion picture industry. Two of the leading studios are owned by Chinese business men from Shanghai. (2) Owing to the rigid import restrictions in China, foreign equipment and films are not adequately available in Shanghai, thereby hindering the development of the industry. (3) The Government in Nanking is no longer officially subsidising the Kuomintang therefore the Party has to look for other means of support. The CC clique is now drawing parts of their income from both the motion picture industry and publishing business, at the same time keeping an eye on their value of publicity. The "First National Motion Picture Industry" in Shanghai and the "Second National Motion Picture Industry" in Peiping are owned and managed by the CC clique, who enjoy priority in purchasing materials abroad. Many independent actors, actresses and directors have been branded by the Kuomintang as collaborator with the Japanese. It is therefore impossible for Shanghai to develop a movie industry. If there is to be a film centre in China, it will be outside the country and in Hong Kong which already assembles many opponents to the regime at Nanking. (4) The last and most important reason for the prosperity of the motion picture industry in Hong Kong is, however, the stable currency and secure conditions in the British Colony.

Yung Hwa Studios

There are altogether eleven studios in Hong Kong with Yung Hwa Motion Picture Industries in the lead. Yung Hwa was under construction since July of last year and was completed at the end of February 1948. Owned and managed by an American educated business pioneer, Mr. T. Y. Lee, with the assistance of Mr. Y. D. Wang, a solicitor in the Shanghai Municipal Council before the war, Yung Hwa occupies an area of eighteen mows, (168,750 sq. ft.), where three studios

are located.

The 3 studios are equipped as follows:—Mitchell cameras; Western Electric Sound system; Houston developer, Mitchell background projector; Mole-Richardson lights etc. Yung Hwa Studios have two special features. Firstly, with the "Film Developer" 1,000 feet of films can be developed in an hour; other studios here with hand tools only can develop some 300 feet per hour. Secondly, Yung Hwa is equipped with a Mitchell camera which can take outdoor scenes at any place, say Peiping, and have these projected inside their studio with actors performing in front of the projection, and the result would be the same as having had the cast working in Peiping.

The first picture Yung Hwa are going to produce is "The Soul of China," a historical picture of the Sung Dynasty. The producer, Mr. T. V. Lee, estimates production costs at \$600,000. This picture is to be filmed in Mandarin and is also intended for world release accompanied by English commentaries. The actors and technical personnel now under contract with Yung Hwa are among the leading in China. The picture is to be released in July. The second picture which the Company will produce is "The Sorrow of the Forbidden City," a historical picture of the Ching Dynasty. Yung Hwa may produce 24 pictures a year, although at the beginning the progress has been rather slow.

Others Studios

The Great China Motion Picture Co. is equipped with pre-war type of machinery and its pictures enjoyed much popularity. After the establishment of Yung Hwa, some of the keymen and stars employed by Great China went over to Yung Hwa, and undoubtedly future business of Great China will be handicapped. The capital of Great China is one million dollars. There are three studios only one being now serviceable.

Yau Kiu Studios are financed by a Chinese from San Francisco (Mr. Mui Yau-Check). Equipped with a Mitchell camera, the Studio otherwise is not yet a modern enterprise.

Tai Koon Studio is also financed by Chinese from the United States. They have two separate studios—one is in Hollywood while the other is in Kowloon, where it occupies 720,000 square feet. At present it is inadequately equipped.

In addition to the studios mentioned above, there are seven smaller ones. They usually produce pictures in the Cantonese dialect, and their equipment consists of prewar models. What they are most concerned with is speed of production, and they do not care about the quality of the films. The owners of these studios are not producers themselves; they usually make pictures for producers who employ them just as a job printer works for his customer.

There are two main classifications in picture production: Mandarin pictures and Cantonese pictures. As Mandarin pictures require a more elaborate preparation owing to the fact that stars from North China have to be paid more, only the large scale studios engage in the production of Mandarin films. Yung Hwa and Great China only produce Mandarin pictures; Yau Kiu and Tai Koon both Mandarin and Cantonese films; and the rest of the studios only Cantonese films.

Studios of Motion Picture Companies in Hongkong

Yung Hwa Motion Picture Industries Co.: about to be incorporated in Hongkong with an authorised capital of \$5 million, paid-up capital \$4.2 million, possessing 3 studios with an area of 144,000 square feet, capable of producing 2 pictures per month; about 150 people are employed.

Great China Motion Picture Co.: authorised capital \$1 million, with 3 studios, an area of 110,000 s.f., monthly capacity 2 full-length pictures; 60 people are employed.

Yau Kiu Studios: authorised capital \$1 million, 2 studios, area 360,000 s.f., 3 to 4 pictures can be produced per month; 32 people are employed.

Tai Koon Film Co.: capital not disclosed. One studio with an area of about 700,000 s.f., monthly productive capacity 4-5 films; 50 people employed.

Wah Fung Film Co.: authorised capital \$300,000, one studio with 50,000 s.f., monthly producing one picture, employing 33 people.

Sai Kwong Film Co.: authorised capital \$500,000, 2 studios, 300,000 s.f., 4 pictures per month, 45 employees.

Liberty Film Co.: authorised capital \$200,000, one studio, 100,000 s.f., one picture per month, 20 employees.

Sze Tak Film Co.: authorised capital \$300,000, 2 studios, 110,000 s.f., 2 pictures per month, 52 employees.

Kwong Ming: authorised capital \$200,000, one studio, 70,000 s.f., one picture, 15 employees.

In addition to the above 9 film companies there are two companies here which at present are not operating (viz. Kwok Kah and Kin Sing).

All studios are in Kowloon.

Marketing of Chinese Pictures

The average production cost of a Mandarin picture is \$100,000 and its return is around \$150,000—a profit of fifty percent. Following is an analysis of the market.—

(1) *Eastern China*. This covers the provinces of Kiangsu and Chekiang, and is considered as the most profitable territory. Sixty percent of the income is from this area, Shanghai being included. The average return of a picture from this area is \$89,000, irrespective of the unfavourable exchange situation and restriction of outward remittances.

(2) *Central China*. This covers the big cities in Kiangsi, Anhwei, Hunan and Hupei. The average yield is \$6,000.

(3) *Western China*. This includes the big cities like Chungking and Kunming. The average yield is \$14,000.

FAR EASTERN ECONOMIC REPORTS

HONGKONG EXPORTS OF ESSENTIAL OILS TO U.S.

Declared exports at the U.S. Consulate, Hongkong, of essential oils from Hong Kong to the United States during 1947 included the following items:—Cassia oil, 120,140 pounds, valued at U.S. dollars 234,466; citronella oil, 7,562 pounds, \$7,488; oil of aniseed, 1,128,126 pounds, \$459,408; camphor oil, 13,580 pounds, \$4,022; ho (shiu) oil, 8,540 pounds, US\$3,733.

(4) *North China.* The average yield is less than \$2,000.

Before the Pacific war, North China was a profitable market for Mandarin pictures, but now it is practically impossible to derive any income from this area not only because of the unstable political situation but also due to the practice of the military not to pay anything. Not long ago an American representative of motion picture companies went to see the authorities in Peiping, asking them to forbid soldiers to enter cinema houses without paying. In exchange for this, the American representative promised to arrange two free shows every week especially for soldiers. This request was rejected on the ground that it was well-nigh impossible to direct the conduct of their soldiers. Consequently, this American representative recommended to his head office to stop the importation of pictures into North China. The same condition exists in other parts of China, although to a lesser extent.

(5) *Manchuria.* Under the present condition no returns can be expected from this area, but the producers look upon Manchuria as a potential market as there are more than two thousand cinemas in this area, which figure is the same as in all China.

(6) *South China.* The average yield is \$5,000.

(7) *Far Eastern Countries.* (Singapore, French Indo-China, Burma, Siam etc.) The average yield is \$22,000.

(8) *U.S. & Philippines.* The average yield is \$8,000.

(9) *Hong Kong and Macau.* The average yield is \$12,000.

Last year most producers of Cantonese pictures enjoyed handsome profits. There are two reasons, for this: Firstly, the cost of production of a Cantonese picture is low. It is estimated that the average cost for a Cantonese picture is from \$30,000 to 50,000, owing to the fact that local actors are comparatively poorly paid. The average pay for a leading actor in a Cantonese picture is \$4,000 and the whole cast costs \$10,000. The rest of production cost is around \$28,000. (There were many amateur producers of Cantonese motion pictures). Secondly, copyright of Cantonese pictures can always be sold before the picture is made. The usual practice is that a producer, after employing the cast and showing such employment contracts to agents of theatres in Singapore and Indo-China etc., can always obtain from such agents about \$8,000.

Declared exports of ambergris from Hong Kong to the United States totaled 23 pounds, valued at \$2,223. Declared exports of musk to the United States in 1947 were 319 pounds, valued at \$90,470.

CANTON EMBROIDERY & LACE EXPORTS TO U.S.

Exports from Canton to the United States during 1947 (value in U.S. dollars in parentheses) included the following: Cotton handkerchiefs, 94,286 dozen (\$170,770); cotton laces, 587 pounds (\$4,306); cotton tableware, 454 pounds (\$1,092); linen handkerchiefs, 142,401 dozen (\$406,398); embroidered linen tableware, 3,667 pounds (\$21,434); silk embroidery ware, 58 pounds (\$449).

CHINA GOATSKINS FOR EXPORTS.

During the current season between 1,500,000 and 1,750,000 goatskins are expected to be available from the Yangtze Valley for export. Collectors in various areas estimate principal stocks available as follows: Szechwans, 500,000; Wanhshens, 200,000; Ichangs, 200,000; Hankows, 500,000.

SIAM'S RICE EXPORTS.

Siam's rice deliveries for 1947 totaled 455,540 tons, for a value of US\$19,220,200. Rice exports for 1947 were 35,540 tons in excess of the 420,000 tons which was originally estimated as the year's total by the government and showed a substantial increase over the 392,100 tons of rice exported by Siam in 1946.

The 1947 total was greatly boosted during final three months of the year after the price for each ton of rice was raised from US\$96 to \$124 (equivalents). In addition to the more than \$19 million realized by the sale of rice an additional \$769,000 were received by the government as export duties. Customs revenues from the export of rice for the preceding year, 1946, totalled US\$535,000.

Siam's goal for 1948 is 500,000 tons which will be delivered under International Emergency Food Council allocation but attempts are being made to get an additional US\$12 a ton for the deliveries.

The largest monthly shipment since the war was last December, when 64,511 tons of rice left the country. The average monthly shipment during 1947 was 30,000 tons.

DISTRIBUTION OF TEXTILE MANUFACTURES IN SIAM.

A Chinese firm was formed to handle the distribution in Siam of all textiles manufactured in China by Government-owned factories. The company is the sole distributing agent for the Chinese Government. Payment for imports by the Siamese Government, are made by supplying the Chinese Government with tin, rubber, rice, and certain other commodities.

JAPANESE TEA PRODUCTION, CONSUMPTION AND EXPORTS.

Of the total acreage devoted in Japan to tea culture during the 1947-48 crop year (May 1947 to April 1948), 64,110 acres were in bearing and 3,920 acres in nonbearing bushes. About 3,670 acres of new land has been planted during this crop season, and 3,406 acres of new land has been prepared for planting. No tea acreage during the 1947 crop year has been diverted thus far for the production of other crops.

Japan's production of finished tea in the 1947 crop season is estimated at 52,400,000 pounds of green tea (approximately the same as production for the 1946 crop season) and 250,000 pounds of black tea (black-tea production was negligible during the 1946 season).

An estimated 42,133,000 pounds of tea will be consumed domestically during the 1947-48 crop season (which figure represents only about one-third of the total prewar tea consumption in Japan). 8,500,000 pounds is expected to be exported (about one-fifth of the prewar total), and a carry-over of 685,000 pounds to the 1948-49 crop season (carry-over from the 1946 season was 4,835,000 pounds).

Exports of tea during the first 9 months of the 1947-48 crop season, amounted to about 4,654,106 pounds, representing US\$1,475,135 (based on f.o.b. prices). An exchange rate has not yet been established, and the dollar prices placed upon exportable items are not controlled by the yen cost of these items. The yen-dollar relationships represented in the Japanese tea export trade approximated 99 to the United States dollar in January, 1948, for old-crop tea and 154.56 yen to the United States dollar for new-crop tea.

Of the 4,654,106 pounds exported in the first 8 months of the 1947-48 season, the United States received 2,239,475 pounds, valued at \$722,012; Canada 201,250 pounds, \$64,434; and Tangier, North Africa, 2,123,381 pounds, \$689,689. It is anticipated that the total production of black tea for the 1947 crop season will be consumed domestically.

During the 1946 season 9,646,922 pounds of tea were exported, representing \$3,149,274 based on c.i.f. prices, of which 7,941,242 pounds went to the United States, 193,068 pounds, to Canada, and 1,443,612 pounds to North Africa.

COPRA PRODUCTION IN THE PHILIPPINES.

The phenomenal recovery in copra production in the Philippines has been one of the highlights in the vegetable oil production of the world. In 1945 only 6,000 long tons were shipped out; in 1946 the actual shipments from the Islands were 600,000 long tons. An all-time high of 1,000,000 tons was exported during 1947, an amount 80 percent greater than average exports during 1935-39. International allocation permitted the United States to receive but 60 percent of the 1947 shipments;

Europe received 30 percent. Pre-war receipts of Philippine copra and coconut oil by the United States ran to 80 percent of the Island export. Shipments to the United States are larger in volume than prewar, being about 10 percent higher in 1947 than in the years before the Pacific conflict.

Philippine copra exports have thus become a significant factor in world supplies of fats and oils. Coconut oil is used extensively for food purposes in Europe and has been helpful in alleviating the deficiency of edible fats. Cake, the byproduct of copra crushing, has supplemented short feed supplies and sustained the dairy and livestock industries of Europe. Coconut oil is used in the United States principally as a soap fat, so the increased volume of copra has eased somewhat the pressure on edible fats that might otherwise be used for industrial purposes.

USES OF COPRA & COCONUT OIL.

Growing in equatorial forest, the Coconut palm, which, to the native, is all but "universal provider," for it yields him food, drink, and to some extent, clothing and shelter, and to the world's industrial communities has become one of the most valuable sources of vegetable fats. To the people of cooler climes its graceful shape symbolises the South Sea island scene. It does thrive best near to the ocean, and it does grow extensively on tropical Pacific islands, but as far as modern commerce is concerned its main habitat is some of the larger but more thinly populated islands of the Dutch East Indies, such as Celebes and Sumatra, and the Philippines.

From the nuts the outer fibre, or coir, is stripped away, and is manufactured into matting. Then the nuts are dried, and it is in the form of the dried "flesh," known as copra, that the fruit principally enters the world markets; the coconut oil is expressed from the copra, and, once more, is utilised by the margarine and soap industries, the residue being converted into cattle food, while relatively minor quantities of the dried meat are shredded and are consumed in confectionery as "desiccated coconut." The growing of the coconut palm has been left in the hands of the natives, for scientific methods are not essential, but the commercial product, copra, is again consumed entirely by the United States and the industrial nations of western Europe.

HONGKONG PRODUCE MARKETS.

Last week's average prices (in HK dollar, per picul of 133.33 lbs, if not otherwise stated):—

Wolfram ore (65%) 350, Antimony 200, Tin (Yunnan) 490.

Vegetable & essential oils:—cassia 940, tung 146 (in New York 23 to 24 US cents per lb), coconut 150, rapeseed 145, teaseed 174, aniseed 550, sesame 255, peanut 158.

Gallnuts 106/7; Beans black 56, green 50/60, red 55/60, groundnut, shelled 95.

Rice, 1st grade 80, 2nd grade 62, broken 57.

Cotton yarn (per bale), 20's: 1,450; 32's: 2,050; 40's: 2,150; 42's: 2,450. Indian cotton (per pound) 1.30.

JAPANESE MISCELLANEOUS INDUSTRIES

Binoculars & Cameras.

Output of binoculars and opera glasses in Japan during the first 10 months of 1947 averaged 2,562 per month, compared with an average of 3,178 in the first 10 months of 1946.

Production of microscopes during the first 10 months of 1947 averaged 566 per month, whereas during the corresponding period of 1946 the monthly average was 203, and for the entire year of 1946 output averaged 237 microscopes per month.

Camera production during the first 10 months of 1947 averaged 4,082 per month compared with an average of 1,952 per month during the first 10 months of 1946 and a monthly average of 1,986 for all of 1946.

Camera manufacture is retarded by the shortage of some essential raw materials, such as goatskin for the bellows, piano wire and sheet steel for shutters, crude rubber for coating screens, and aluminum for camera bodies. Although camera production is continuing with stocked materials, the industry is expected to become dependent upon imported light metals.

Sewing Machines, Watches, Phonographs.

Total sewing-machine manufacturing capacity in Japan is estimated at 230,000 units per year, but because of shortage of three major raw materials (iron and steel, coke, and paints), actual output in 1947 was estimated at only 140,000 units.

The apparent postwar deterioration of Japanese watches, in function as well as in quality, is attributed to increasing difficulties in obtaining high-grade special steel for manufacturing springs and jewel bearings. The inferiority of spring steel is attributed to the lack of trained workers and the deterioration in the quality of steel used. The shortage of jewels is the result of the lack of diamond powder. Improvement in Japanese watches will depend, therefore, on the importation of good spring steel from Belgium and Sweden and of jewels from Switzerland.

The combined output of the five phonograph-record manufacturers in Japan is estimated at 500,000 to 700,000 per month—the chief problem is the depletion in stocks of materials, such as shellac, copal, and resin. Applications reportedly were made for export of 445 phonographs during the last quarter of 1947, materials for which could be obtained from domestic stocks.

Musical Instruments, Toys, Lacquerware.

Harmonicas accounted for 60 percent of the total exports of musical instruments scheduled for the 1947-48 fiscal year. Copper sheets for making harmonica reeds are easily obtainable, but subsidiary materials, such as lacquer, thinner, and glue, are in shorter supply. Consequently, harmonica production has fallen behind schedule.

The shortage of horsehair (from white horses) for making violin bows is the chief obstacle in that industry. Imports of horsehair from Australia, Manchuria, and Mongolia are considered advisable.

The Japanese toy industry has many problems. The supply of celluloid and galvanized sheets is extremely low, and subsidiary materials—paper, cloth, pigments, dyes, ink, glue, and nails—also are in short supply. The wooden-top branch of the industry is the most prosperous, but it is handicapped by the lack of lacquer and thinner. With the necessity of obtaining materials irregularly, the cost of toy manufacture is very high.

The major drawbacks to manufacturing lacquerware for export are the inferior quality of lacquer and paints used and the coarse designs which are unacceptable to foreign customers. Since the value of lacquerware depends upon the quality of the lacquer, the planting of certain types of trees which are essential in producing the lac is considered of great importance in the effort to supply domestic demands.

Bamboo ware, China ware, Glass ware.

The bamboo-products industry is in a better position than are other export industries in that it depends less upon subsidiary raw materials (Japanese lacquer apparently is serving the small need for lacquer for making bamboo rods). The only handicap likely to cripple this branch of the industry will be shortages of steel and coke for manufacturing fish-hooks to go with fishing rods.

Chinaware production has been retarded by the fuel shortage, as well as by the scarcity of liquid gold, kaolin, gypsum, borax, and pigments. Kaolin must be imported from Korea and Hongkong. Packing materials, especially nails and hoop iron, are required in abundance because of the fragile nature of chinaware.

Glass-manufacturing equipment available for use is estimated to be about 60 percent of the prewar capacity. Only about 20 percent of it is in actual operation, however, owing to the shortages of coal, soda ash, and Glauber's salt.

Light Bulbs, Brushes, Umbrellas.

Production of electric bulbs will reach 100,000,000 units per year since factories are operating at 50 percent of capacity. If this rate can be maintained and later increased a considerable amount can be exported. This industry also is confronted by shortages of materials—coal, tungsten, molybdenum, soda ash, cresol, and bronze.

HONGKONG IMPORTS & EXPORTS OF SELECTED CARGOES

— FOR THE MONTH OF MARCH, 1948 —

WOLFRAM

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	168	67,200
China, South	6,953	2,312,750	—	—
Korea	482	188,905	—	—
Macao	421	125,170	—	—
U. S. A.	—	—	1,976	655,516
Total	7,847	2,626,825	2,144	722,716

ANTIMONY

Countries	Imports	
	Quantity Piculs	Value \$
China, South	6,614	1,000,000
Total	6,614	1,000,000
No Exports recorded.		

TIN SLABS (OTHER THAN CHINA)

Countries	Imports	
	Quantity Piculs	Value \$
Malaya (British)	8	2,000
Total	8	2,000
No Exports recorded.		

TIN SLABS (CHINA)

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
China, South	354	140,926	—	—
Macao	92	49,168	—	—
U. S. A.	—	—	503	243,449
Total	446	190,094	503	243,449

TINPLATES

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	2,826	191,893	—	—
China, South	—	—	219	17,780
U. S. A.	15,131	687,509	—	—
Total	17,957	879,402	219	17,780

VEGETABLE & ESSENTIAL OILS ANISEED OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	648	321,515
Australia	—	—	6	3,210
Canada	—	—	9	4,725
Belgium	—	—	16	8,400
China, South	400	68,500	—	—
France	—	—	27	14,900
Macao	162	79,882	—	—
U. S. A.	—	—	47	23,625
Total	302	148,382	753	376,375

CASSIA OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	12	12,946
Canada	—	—	9	10,080
Macao	9	8,216	—	—
Neth. East Indies	—	—	1	320
U. S. A.	—	—	40	40,950
Total	9	8,216	62	64,296

Superior brushes cannot be manufactured on a large scale in Japan unless white bristles can be imported from China and Manchuria. White horsehair and vegetable fibers also are scarce, as are cattle bones for the backs and handles of brushes.

The shortage of paraffin is a major hindrance in the match industry.

Although the Japanese paper-umbrella factories have recovered from war damages, production has shown no tangible increase because of the shortage of paper, oil, bamboo, and starch. Some makers are using silk paper as a substitute for Japanese-style paper. Improvement in design and colourfastness also is essential to the resumption of production.

Industrial Arts.

Promising export items in the industrial-arts field include porcelain curios, ivory bird-form ornaments, crystal necklaces, cloisonne, bamboo articles, and wooden cigarette cases. However, needed materials are not plentiful, and some have to be imported—ivory from India and Africa, crystal from Brazil, and tortoise shell from the South Seas.

COCOANUT OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	1,680	242,000
Canada	—	—	4,200	561,540
Malaya (British)	12,228	1,514,829	—	—
North Borneo	557	72,063	—	—
China, North	—	—	327	45,032
" Middle	—	—	282	38,102
" South	—	—	28	5,214
France	—	—	1,650	235,000
Holland	—	—	6,480	907,200
Italy	—	—	2,490	356,800
Macao	—	—	238	33,589
Neth. East Indies	168	30,240	—	—
Siam	1,833	254,620	—	—
South America	—	—	1,294	172,070
Switzerland	—	—	1,260	168,744
Total	14,786	1,871,757	19,929	2,765,292

LINSEED OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
India	302	53,081	—	—
Malaya (British)	13	2,034	—	—
China, North	10	1,560	—	—
French Indo China	—	—	84	16,370
Macao	—	—	22	2,602
Siam	—	—	33	5,984
Total	325	56,675	139	24,956

PEANUT OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
India	412	53,530	—	—
Malaya (British)	1,690	202,800	—	—
Belgium	—	—	6,059	889,200
Macao	1,076	183,494	—	—
Siam	1,137	193,840	—	—
Total	4,315	633,664	6,059	889,200

SESAMUM OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Australia	—	—	1	96
Canada	—	—	2	483
Malaya (British)	—	—	26	6,533
North Borneo	—	—	1	154
Macao	—	—	5	674
Neth. East Indies	—	—	3	305
Philippines	—	—	16	2,653
U. S. A.	—	—	18	4,573
Others	—	—	1	60
Total	—	—	73	15,531

No Imports recorded.

SOYA BEAN OIL

N I L
TEA SEED OIL

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
China, South	600	90,000	—	—
Italy	—	—	1,122	171,360
Macao	579	63,540	64	5,120
Total	1,179	153,540	1,186	176,480

WOOD OIL (IN BULK)

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
China, North	1,223	175,694	—	—
U. S. A.	—	—	9,828	1,404,000
Total	1,223	175,694	9,828	1,404,000

WOOD OIL (IN DRUMS)

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	504	72,260
Australia	—	—	773	114,442
Malaya (British)	—	—	59	9,330
North Borneo	—	—	6	970
Belgium	—	—	840	121,800
China, South	18,141	2,210,855	—	—
Macao	481	74,378	—	—
Sweden	—	—	1,166	158,200
Switzerland	—	—	168	85,800
Total	18,622	2,285,233	3,516	502,802

OTHER OILS FROM SEEDS, NUTS & KERNELS

(mostly Rapeseed Oil)

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	756	130,838
Malaya (British)	442	54,970	—	—
China, North	790	149,097	—	—
Macao	2,351	325,549	44	3,585
Neth. East Indies	—	—	2	450
South America	—	—	336	56,000
Total	2,583	529,616	1,138	190,870

BRISTLES

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
United Kingdom	—	—	416	467,667
Malaya (British)	7	4,526	—	—
Belgium	—	—	44	17,000
China, North	24	12,615	—	—
„ South	1,681	948,108	—	—
France	—	—	75	104,440
Korea	108	180,000	—	—
Macao	1	350	—	—
U. S. A.	—	—	377	603,187
Total	1,821	1,145,599	912	1,192,294

RUBBER (RAW)

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Malaya (British)	3,465	411,665	—	—
North Borneo	252	24,407	—	—
China, North	—	—	552	53,436
„ Middle	—	—	504	45,360
„ South	—	—	1,333	89,068
Korea	—	—	588	58,500
Macao	2	150	9	390
Total	3,719	436,222	2,986	246,754

PETTY SMUGGLING BETWEEN SHANGHAI AND HONGKONG

(By a Chinese Correspondent)

There is good reason for the Chinese Maritime Customs in Shanghai not to consider Chinese travellers entering Shanghai from Hongkong or vice versa as bona fide passengers for, as a result of many personal observations, it can be safely said that over 95% of the passengers of the steerage and deck space classes of ships on regular runs between Shanghai and Hongkong are engaged, in one form or another, in petty smuggling activities. The un-

proportional and extraordinary profits that have been reaped by smuggling of restricted cargo into Shanghai have caused the hordes of individual and group smugglers. In fact, anything which in China is prohibited from import, particularly unessentials such as cosmetics, nylon stockings, and woolen piece goods, are sure to yield a profit of 60 to 100%, once the goods are successfully smuggled in.

As it is understood by everybody that it

is more profitable to carry CNC notes to Hongkong (for by blackmarket TT to Hongkong there is a loss of about 20%, and HK\$ and US\$ in Hongkong quote lower against CNC than in Shanghai), the smugglers, handicapped by the official limit of CN\$5,000,000 (HK\$40) to leave China, are first confronted with the problem of smuggling out of Shanghai their capital usually amounting CN\$100 to CN\$200 million (at present about HK\$800—HK\$1,600)

THE FOREIGN TRADE OF THE PHILIPPINE REPUBLIC IN 1947

(BY MAJOR TRADING PARTNERS)
— (IN PESOS) —

Country	Total trade value	Imports	Exports
Total	1,553,797,312	1,022,700,608	531,096,704
United States	1,184,379,453	879,999,624	304,379,829
Hawaii	3,334,241	2,123,122	1,211,119
Guam	617,783	—	617,783
Panama, Canal Zone	146,948	—	146,948
Porto Rico	141,875	27,848	114,027
Other U.S. Insular Possessions	11,461	—	11,461
Canada	38,823,437	27,624,606	11,198,831
France	37,071,801	1,815,000	35,256,801
China	31,378,979	28,535,866	2,843,113
Great Britain	23,220,601	6,199,018	17,021,583
Denmark	20,554,858	425,942	20,128,916
Italy	16,272,787	669,188	15,603,599
Belgium	15,852,492	4,859,784	10,992,708
Dutch East Indies	14,366,148	4,627,898	9,738,250
Malaya	14,329,898	319,266	14,010,632
India	13,043,674	7,962,814	5,080,860
Switzerland	9,115,684	2,401,410	6,714,274
Norway	9,076,402	1,366,618	7,709,784
Sweden	8,240,100	2,702,612	5,537,488
British Africa	7,689,673	172,068	7,517,605
Arabia	6,899,650	6,637,078	262,572
Japan	6,413,323	1,906,588	4,506,735
Argentina	6,111,091	3,087,810	3,023,281
Czechoslovakia	6,066,786	181,614	5,885,172
Siam	5,984,133	5,039,124	945,009
Netherlands	5,955,257	2,263,088	3,692,169
British East Indies	5,908,744	5,875,588	33,156
HONGKONG	5,881,564	195,522	5,686,042
Spain	5,660,059	2,539,266	3,120,793
Persia	5,151,400	4,862,018	289,382
Ecuador	4,559,848	4,549,048	10,800
Australia	4,300,871	3,517,180	783,691
Mexico	4,197,532	3,597,532	600,000
Poland	3,937,211	—	3,937,211
Austria	3,862,087	442,976	3,819,111
Brazil	3,334,350	3,334,350	—
Palestine	3,309,947	792	3,309,155
Germany	2,663,117	15,784	2,647,333
French Africa	2,238,301	1,056	2,237,245
Venezuela	2,052,576	97,566	1,955,010
Colombia	1,955,815	36,576	1,919,239
Macao	1,676,354	—	1,676,354

	Pesos 1947	Pesos 1946
Total	1,553,797,312	720,091,530
Trade	1,022,700,608	591,716,481
Imports	531,096,704	128,375,049
Exports		

Brazil	307,256
France	213,422
Spain	176,000
Australia	96,383
Other countries	222,300

PRINCIPAL IMPORTS:

Country of origin	1947 Value (Pesos)
1. Cotton and manufactures	
Total	153,442,326
United States	139,561,292
China	8,069,832
Japan	1,842,836
Mexico	1,455,834
Great Britain	1,038,198
Switzerland	458,968

2. Grains and preparations.

Total	98,834,050
United States	70,588,036
Canada	16,444,314
Siam	4,980,922
Ecuador	4,541,016
China	1,717,840
Denmark	152,182
Mexico	98,000
Australia	88,982
Argentina	72,332
Sweden	68,576
Other countries	81,850

for each individual or group, before they can smuggle cargo into Shanghai. Of course, the amount of the capital in CNC increases week after week in proportion to its depreciation in terms of HK dollar.

It is indeed a matter of great interest to watch the scene on the jetty on the day of departure of a ship from Shanghai for Hongkong. Many succeed in smuggling their money on board by employing the time-honoured practice of paying 'squeeze.' Those who have paid simply march on board with their luggage without undergoing any inspection or only with a semblance of it just to save some 'face.' Others commandeer the services of luggage coolies. In such cases several friends or partners and family members have to participate in the task. The principal smuggler first goes on board and waits there. At least one has to stand on guard watching the approach of Customs officers and giving the necessary signal and some others who have come as "bon-voyage" wishers negotiate with the coolies to convey the money on board while discharging their official duty of assisting the passengers in carrying their heavier luggage to the ship. The delivery is then made in some unwatched corner of the ship and the money is immediately and quickly hidden away, for there is usually a last-minute inspection on the ship before it sails. The favorite places for the concealment of money are in the pillows, in the cotton quilts, around the waist, around the calves covered by stockings, and in the shoes. Such methods are possible because CN\$1 million in 500 "Customs-Gold-Unit" scrip (i.e. CN\$100,000) is not more than ½ in. thick.

Naturally all these ways and means do not insure complete immunity; the less ingenious and resourceful beginners often expose themselves to discovery and suffer subsequent confiscation.

It must be noted here that there has been not one case of default when money was entrusted to the luggage coolies. It is attributed to the fact that no coolie would like to block himself from a source of revenue which is much higher than his regular income by just doing one act of dishonesty and thereby obliging himself to face a general boycott by his comrades and eventual dismissal, for one single case would deprive completely the whole coolie-gang of the confidence on the part of the smugglers. It is estimated that a coolie on one shift makes easily CN\$3-4 million (HK\$25-35).

There is undoubtedly a good margin of profit in this illicit trade. The expenses of such a trader who returns by the same ship are estimated as follows: passage—HK\$60 to Shanghai and HK\$30 from Shanghai (for a Chinese in Shanghai pays in CNC at the Government Open Market rate which is usually 100% lower than the black market rate. Rice is included in the passage. Hotel expenses—HK\$15 (for 2 days usually sharing the room with other smugglers); Meals and pleasure expenses—HK\$50; Total HK\$155. Taking this from a profit of 50% on the smallest amount of capital of HK\$800, there is a net gain of HK\$245.

3. Rayon and other synthetic textiles		9. Mineral oils (petroleum products).		4. Coconut oil (inedible and edible).		
Total	90,584,900	Total	36,842,052	Total Kilo	18,144,956	13,940,603
United States	90,312,463	United States	15,236,064	United States	11,898,020	9,145,970
Switzerland	112,418	Arabia	6,637,078	Italy	3,075,326	2,186,004
China	50,472	British East Indies	5,790,004	Netherlands	1,477,296	1,119,340
Belgium	41,486	Persia	4,861,592	British Africa	502,275	573,470
France	18,596	Dutch East Indies	4,264,780	Belgium	467,462	370,000
Great Britain	16,210	Australia	46,774	Hongkong	331,707	240,869
Netherlands	5,973	Great Britain	4,528	India	254,005	212,048
Italy	5,750	Italy	1,232	Cuba	128,820	82,156
Czechoslovakia	5,336			China	10,000	9,400
Sweden	5,326			Malaya	45	90
Other countries	10,860					
4. Automobiles, parts and tires		10.—Fish and fish products.		5. Copra Meal or Cake.		
Total	51,414,052	Total	31,883,484	Total Kilo	27,088,523	4,391,434
United States	50,924,822	United States	23,709,500	Sweden	8,034,111	1,461,080
Great Britain	196,822	Canada	6,185,402	Denmark	9,535,973	1,356,632
Canada	141,118	China	609,970	Belgium	4,159,650	640,358
Italy	70,422	Mexico	511,570	Netherlands	2,239,409	439,844
France	67,700	Portugal	486,300	Norway	1,000,000	154,000
China	13,168	Spain	111,175	France	707,200	108,000
		Venezuela	96,270	Finland	496,960	102,500
		Great Britain	64,564	Poland	508,000	72,500
		Norway	35,400	Switzerland	406,400	56,400
		Sweden	25,346	Hongkong	800	120
		Other countries	47,486	United States	—	—
		Other imports	388,080,486			
		Total imports	1,022,700,608	6. Tobacco and Manufactures.		
				Total	4,382,982	
				Spain	2,304,659	
				United States	665,292	
				French East Indies	509,211	
				China	294,340	
				French Africa	216,000	
				Belgium	163,237	
				Hawaii	97,182	
				Hongkong	71,195	
				Australia	32,970	
				India	10,960	
				Other countries	17,936	
6. Tobacco and manufactures		PRINCIPAL EXPORTS:		7. Sugar.		
Total	43,962,246	Country of destination	1947	Total Kilo	18,849,585	4,081,188
United States	43,920,936	Unit Quantity	Value (Pesos)	United States	18,849,135	4,081,058
Dutch East Indies	40,745	1. Copra.		Hawaii	450	130
Hongkong	424	Total Kilo 1,000,094,096	354,415,334			
Great Britain	104	United States P86,801,096	207,023,362	8. Maguey.		
China	30	France	96,386,038	Total Bales	62,495	3,294,883
Canada	6	Denmark	44,768,937	United States	39,594	2,010,893
		Italy	41,452,453	Belgium	14,435	784,874
		Great Britain	29,718,240	France	4,787	267,183
		Canada	26,321,738	India	1,000	58,000
		Switzerland	18,984,840	Netherlands	700	49,526
		Norway	16,018,023	Argentina	460	41,000
		Czechoslovakia	17,224,248	British Africa	400	31,500
		Belgium	17,421,237	Sweden	525	27,584
		Other countries	104,998,010	Great Britain	250	14,088
				Denmark	200	10,000
				Other countries	4	235
7. Dairy products		2. Abaca, unmanufactured.		9. Rope.		
Total	42,625,172	Total Bale	680,941	Total Kilo	2,332,574	2,904,420
United States	38,970,068	United States	480,989	United States	914,714	1,031,274
Netherlands	1,479,044	Belgium	28,370	Malaya	373,054	487,393
Australia	1,321,750	Denmark	20,591	British Africa	138,426	193,765
New Zealand	324,426	Great Britain	59,002	Chile	156,819	195,765
Denmark	189,822	Norway	13,310	China	143,229	191,243
Switzerland	136,236	France	14,477	Argentina	115,862	147,779
China	114,780	Sweden	10,980	Hongkong	95,073	118,985
Mexico	30,040	Canada	7,302	Dutch East Indies	55,718	73,849
Belgium	16,972	British Africa	7,300	Siam	54,365	73,389
Great Britain	16,256	India	5,335	Sweden	46,206	67,332
Other countries	25,773	Other countries	33,785	Other countries	239,045	324,551
8. Paper and manufactures.		3. Desiccated Coconut.				
Total	38,887,246	Total Kilo	21,181,338			
United States	33,034,490	United States	20,966,653			
Sweden	1,238,330	Hongkong	99,770			
Norway	1,171,238	Canada	77,115			
Canada	960,192	Hawaii	37,800			
Hawaii	836,800					
Spain	408,968					
France	374,170					
Netherlands	180,174					
Great Britain	163,454					
China	139,862					
Other countries	329,568					

PRINCIPAL EXPORTS:

Country of destination	1947	Value (Pesos)
Unit	Quantity	
1. Copra.		
Total Kilo	1,000,094,096	354,415,334
United States	P86,801,096	207,023,362
France	96,386,038	33,645,953
Denmark	44,768,937	16,837,796
Italy	41,452,453	13,259,485
Great Britain	29,718,240	10,804,836
Canada	26,321,738	10,291,466
Switzerland	18,984,840	6,595,306
Norway	16,018,023	6,329,524
Czechoslovakia	17,224,248	5,885,172
Belgium	17,421,237	5,849,477
Other countries	104,998,010	37,892,957
2. Abaca, unmanufactured.		
Total Bale	680,941	63,435,874
United States	480,989	44,873,676
Belgium	28,370	2,713,153
Denmark	20,591	1,866,984
Great Britain	59,002	5,336,345
Norway	13,310	1,221,060
France	14,477	1,222,471
Sweden	10,980	872,894
Canada	7,302	799,031
British Africa	7,300	593,270
India	5,335	517,244
Other countries	33,785	3,420,746
3. Desiccated Coconut.		
Total Kilo	21,181,338	19,954,656
United States	20,966,653	18,821,257
Hongkong	99,770	705,600
Canada	77,115	77,792
Hawaii	37,800	50,007